

Vol. XXX, No. 6

Herbert Hoover and Credit — page 7

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CREDIT

MONTHLY



Thirty-third Annual
N.A.C.M. Convention
Seattle

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THE construction of the modern home, the office or the factory draws on the resources and products of an increasing number of industries. Materials are brought from the four corners of the globe. Despite frequent handling their final outlet is through the dealer in building materials.

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A personal visit would satisfy any doubt as to the character of the risk. Regardless — a conclusive study must indicate the presence of adequate insurance for the protection of your receivables. Be sure he has it.



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"There Never Was an Expense Account that *Couldn't be Cut*"

Aiken & Dillon started in business seven years ago with the finest store in town. Rich fixtures, a more than adequate sales force, plenty of luxurious "atmosphere" made shopping with them a pleasure.

Yet, from the first, they were hounded by that dreaded jinx, Volume-without-Profit. To anxious creditors, they said, "Just wait till we build up a little more volume; we'll show a good profit then."

Each year their volume grew—business was good. But profits remained, like a mirage, far out of reach.

Finally a manufacturer's energetic credit manager called on the Messrs. Aiken & Dillon to locate the difficulty. He didn't have to hunt long.

"All your profits," he said, "are going into your Expense account."

"On no! We couldn't possibly cut our expenses."

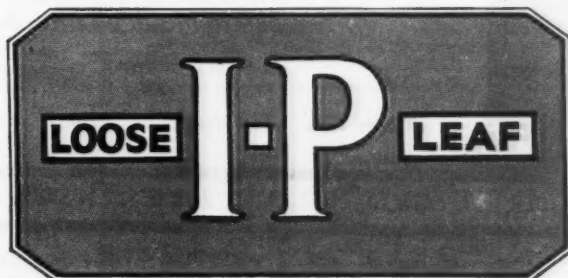
The C. M. smiled. "There never was an expense account," he said, "that couldn't be cut!"

That sounds like a grand-stand remark—yet, under the broad heading of Expense, dozens of hidden items creep in and creep up. Irving-Pitt Records That Talk warn you of these excesses—supply daily, weekly, monthly comparisons for your guidance.

Irving-Pitt Records pass up all the frills; they are first, last and always *practical*—designed to keep *all phases* of a business under control. For business concerns of any size, I-P accounting systems are the recognized standard of clear, concise bookkeeping. Credit managers recommend I-P Records to delinquent customers—bankers suggest I-P forms to slow clients—retailers use I-P products in meeting the ever tightening competition.

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When writing to advertisers, please mention the Credit Monthly



DESTROYED by fire! Not only the building but the business!

Yes, they thought they were fully insured. They *were*, as far as the building and its contents were concerned. There was one thing that had been overlooked however—that was the loss due to interrupted production.

Continuing expenses, the cost of holding essential members of the organization together until production was resumed, the loss of anticipated profits—these are the things which have caused many concerns to fail after a fire!

Business Interruption insurance also known as Use and Occupancy insurance has been designed to protect the merchant and manufacturer from these losses. Ask any "America Fore" agent—he can give you full details.

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THE "AMERICA FORE" GROUP OF FIRE INSURANCE COMPANIES

JUNE, 1928

3

N.A.C.M. 1896-98 President Welcomes 1896 Delegates

Seattle, 1928.

THE renewal of enthusiasm of the local associations after the delegates return from a National convention may be likened to the effect of a revival meeting in a village church.

It is my pleasure to urge the membership of our great association to



make this year's convention of very great value. Not only for the educational value of conference and comradeship, but for many who have not visited the wonderful Pacific Coast, it will be a revelation of possibilities for trade advancement.

I hope it will be my privilege to meet many of the old-timers, the Pioneers, who thirty-two years ago met at Toledo and founded the National Association of Credit Men.

We have all rejoiced to see this child of our dreams grown to robust strength and great usefulness.

We hope also to greet the younger men upon whose shoulders has fallen the happy burden of continuing the work which lacks much of having reached its full fruition.

We predict that for every delegate the trip will be full of pleasant surprises; and it is hoped that every minute will be profitably and pleasantly spent.

The trip is worth while. Many beautiful sights of meadows, mountains, lakes, forests and great cities in the building.

A slogan has been proposed—"You'll be surprised."

Welcome to all!

W. H. Preston,

President, N. A. C. M., 1896.

CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

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Vol.
XXX
No. 6

DEMAND for merchandise is measured by the conjunction of two factors, **DESIRE** and **COST**.

INSURANCE, however, is sold not in response to a demand in the merchandising sense, but rather to supply a **NEED** which only too often must be pointed out by the urgent and sometimes unappreciated efforts of an insurance man. Provision for this **NEED** on the part of your customer is of distinct interest to you as his creditor.

A good insurance man is a good friend of both.

QUEEN

INSURANCE Co.

of AMERICA

Fire Tourist Sprinkler Leakage Earthquake Explosion Marine
Automobile Riot and Civil Commotion Registered Mail Tornado

Incorporated in New York State 1891. Capital \$5,000,000

Total Assets January 1, 1928 . . . \$23,143,100

Liabilities including capital . . . 16,344,841

Net Surplus 6,798,259

Surplus to Policyholders 11,798,259

HEAD OFFICE and EASTERN DEPARTMENT:
150 WILLIAM STREET, NEW YORK CITY

Western Dept.:
CHICAGO, ILL.
 F. P. Hamilton, Mgr.

Southern Dept.:
ATLANTA, GA.
 S. Y. Tupper, Mgr.

Pacific Coast Dept.:
SAN FRANCISCO
 H. R. Burke, Mgr.

Marine Dept.:
NEW YORK CITY
 John E. Hoffman, Mgr.

Cuban Dept.:
HAVANA
 Trust Co. of Cuba

Office Pow-Wows

"I APPRECIATE the way you are backing me up in all the plans I have suggested," said the new Office Manager to the President, "but there is one thing that I cannot do much about. It requires, I think, your own personal direction. That is the time that seems to be wasted 'in conference'. The 'conference' is a disease that has reached a dangerous point in a great many companies, and I am sorry to say that this company is not immune."

"I will back you up to the limit in getting rid of the disease here," said the President, "but before you start on it, I wish that for the next ten days you would take every opportunity to sit in on the office pow-wows that occur throughout this organization. I have seen them going on for years and I was at one time just as alarmed about them as you are now. One result of my first impression was that I opened up this whole office—took down partitions—so that everybody is in full sight. If there is a cluster of men engaged in a pow-wow, a good many other people can see it going on."

"After opening the place up, I did a little sleuthing. This wasn't difficult because I am on fairly intimate terms with a good many of the men holding the more important jobs in the place,—and some of the younger men too. When I saw a number of men talking together for twenty minutes or so, I made it my business to find out unobtrusively what they had been discussing. I was delighted to learn that in almost every instance it was shop talk that had been going on."

"Now, office pow-wows of that kind, I am convinced, do nothing but good. A man's ideas relating to business are subjected to frank, friendly and often violent criticism. The thin-skinned fellow has his hide somewhat toughened and he has a chance to defend his ideas, or modify them gracefully. A man is able, by means of these pow-wows, to size up the men he is working with. He gets to know what each of his associates is capable of, and what information each one has on tap. Furthermore, the man who has climbed up through an organization is helped enormously, in appointing his assistants, by a knowledge of their capacities and characteristics."

"No two men are alike. Each one has his own set of good and bad qualities, his hopes and fears. If you know the characteristics of a good sized group of men in one organization, you have gone a long way to knowing the human animal in general."

"No one can defend the time-wasting 'conference'. As you know, we have had a rule here for years that when I call a conference, those who report to it must put their stuff in writing in the briefest possible form, and that no conference must run more than thirty minutes. But the informal, legitimate office pow-wow is another matter, and as long as it does not degenerate into a discussion of golf scores or national politics or bootlegging, it is a blessing rather than a curse."

RJ

A Plea for Arbitration

Casualty Companies and the Courts



VAST accumulation of automobile accident litigation today congests our courts, adding to the burden of taxpayers and retarding cruelly the determination of the claims of deserving but necessitous litigants.

There seems to be a popular impression that casualty insurance companies are partly responsible for this condition, that they are litigiously inclined, and that they delay settlements for the purpose of accumulating interest on their claim reserves.

Nothing could be further from the truth. Both the selfish and unselfish interests of the companies dictate a contrary course, for experience demonstrates that speedy adjustment of all meritorious claims produces an economic saving both to the companies and to the community.

As an earnest of its absolute sincerity in this position, The Metropolitan Casualty Insurance Company, which has always favored the principle of arbitration but has labored with the obvious difficulty of applying it to third party cases, hereby makes the following pledge to the American Bar:

A Pledge to the American Bar!

For an experimental period of at least one year, beginning June 1, 1928, or earlier if the effective machinery can be provided, The Metropolitan Casualty Insurance Company will consent to the immediate arbitration, under the standard rules of the American Arbitration Association, of any claim for damages for personal injuries growing out of an accident covered by a Metropolitan policy.

Every claim will be determined by impartial arbitrators to be agreed upon by the parties or to be appointed by the American Arbitration Association, National Headquarters, No. 342 Madison Avenue, New York City, N. Y.

The American Arbitration Association is a non-profit-making, public-serving membership corporation. Not one of its directors or officers profits from its work, but all are engaged in the public service of expediting the settlement of disputes. It has 3,170 arbitrators covering every state and more than 1,135 cities and towns.

Inasmuch as the usual policy provides limits of only \$5,000-\$10,000, and since the Metropolitan, in fairness to the assured, cannot control the procedure where the latter's excess liability is also involved, the offer is necessarily confined to cases within the \$5,000-\$10,000 limits.

"The American Arbitration Association has collaborated with the Metropolitan to the end that this important new step shall find ready ways and means to facilitate casualty insurance arbitration. It offers its further co-operation and facilities in the belief that this provision for immediate arbitral relief to those who sustain accidental injuries will not only serve greatly to ameliorate congestion of our courts, but will also prove one of the most constructive steps ever undertaken."

LUCIUS R. EASTMAN, President.



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INSURANCE COMPANY of NEW YORK**

J. SCOFIELD ROWE, President

HOME OFFICE—FIFTY-FIVE FIFTH AVENUE
Branch Offices or Agencies in all Principal Cities



CREDIT

MONTHLY

Vol. XXX

JUNE, 1928

No. 6

Herbert Hoover and Credit

By Chester H. McCall

HERBERT HOOVER'S first big credit experience came when he was twenty-eight.

During the absence of the head of the great mining firm of which he was a junior partner, Herbert Hoover returned to London to discover in his company a defalcation of startling proportions. Technically, the operations of the defaulter were of such a nature that the company could not be held legally responsible. But young Hoover brushed the technicalities aside with a single order—the credit obligations of the firm must be fulfilled! This decision meant the immediate loss of his personal fortune, seriously conflicting opinions with the absent head of the firm and a four year struggle to re-establish the credit integrity of a great mining company.

When I met Mr. Hoover early in May and commented on various aspects of credit, a reminiscent smile came to his lips. It is a reasonable conjecture that passing in mental review were the tempering experiences of that first great credit baptism.

Mr. Hoover has always been very positive in his belief on the paramount importance of credit in our economic and business structure, and is today an ardent supporter of every organized effort to facilitate and promote efficiency in our national and international credit system. He has perhaps never made any statement which exemplifies clearer his convictions on the significance of credit than the following:

"Probably the greatest business advance in the past quarter of a cen-

tury has been the increasing stability of credit. One of the terrors of commerce and industry twenty-five years ago was that variety of slump which arose from inflexible credit and the malign influence upon credit of over-expansion and speculation. The fundamental business of producing goods and distributing them was brought into periodic crises through faulty credit. Today, through the remarkable growth of industrial credits, a considerable portion of industry even finances its entire working capital from its own resources."

It is interesting to know that the man who has done more than any other statesman to bring business into successful co-operative contact with the expansive forces of our government believes that *the time is fast approaching when the man who doesn't know credit won't know business.*

Mr. Hoover has indicated at various times that the trouble with our business management so often is found in its laxity of regard for fundamental principles. He would place insistency on the wisdom of every credit man's becoming sat-

urated with credit theories and truths, on the fact that he should realize that in his hands are placed the direction and administration of the motive power of industry.

Illustrative of Mr. Hoover's attitude on the importance of basic concepts is this explanation, "We must never lose sight of the fact that credit is an economic good and like other economic goods must be paid for by those who use it. In many cases no interest is apparent on the face of the transaction. When goods are bought on sixty day credit, for example, the interest paid by the borrower is concealed in the price of the goods. When a specific discount is allowed for cash payment the amount of interest involved in the credit can be precisely calculated. These facts are mentioned to support my belief that the credit man in the administration of his job should not forget the basic relationship of credit to economic fundamentals".

More strongly probably than any other official in Washington Secretary Hoover has the *business sense*. Under his administration the Department of Commerce has saved annually for American business large sums of money. His standardization programs have been potent factors in enhancing the stability of business. More than a hundred business organizations have been at one time in active co-operation with his department. Certainly there is an inherent and indisputable value in appraising business and credit principles as Herbert Hoover has observed them in action. Practical bene-

THIS is the first of a series of articles in which important phases of credit will be discussed by leaders in American business.

fits should accrue to those who analyze his policies and opinions, as they are presented, in this manner, "Will not this policy or method be an advantageous adoption for our business? How does this broad fundamental principle apply on a smaller scale to my own management problems? How will the application of this idea bring me into closer contact with the larger trends of business?"

Mr. Hoover advocates an intensification of combative efforts against dangerous practices and trends in the credit system. One of the surest ways, he believes, in preventing credit decrements is for the credit man to be keenly sensitive to the dignity of his responsibility. Speculative and excess credit is a poison to the commercial system. Much of the extravagance that takes place in life can be attributed to misuse of the credit privilege. There are many instances where credit has been utilized to create a monopolistic power. The credit system encourages speculation and overtrading for a man may continue in business long after he is unable to meet his obligations in full. "It is incumbent upon every credit man to be on guard against these dangers in the credit system, to see that proper discretion is used in holding men and companies within their credit limits and to see that through proper administration business receives maximum results from the credit system with a minimum of losses through unjust and speculative trends."

Association Influence

Every man who is personally affiliated with an association in an effort to promote better business service, ethics, practices and ideals will be interested to know what Herbert Hoover has learned from his long and active experience with associations. What does he think of the association and its rank of importance in our business structure? His estimations are exemplary of the views of many of the biggest business men in America.

His survey of the Association and its niche in our commercial world follows:

"American business presents overwhelming and startling contrasts to the *laissez faire* doctrine of the 18th century—the notion that it is 'every man for himself and the devil take the hindmost.' Not many years ago

co-operation of competitors would have been a stark paradox. Today we find bitter competitive rivals uniting in associations for mutual co-operation, the advancement of ideas and the attainment of economic and industrial objectives.

"Our trade and professional associations are marvels in the American business structure. Probably in this era of corporate expansion, there is no one factor more valuable in preserving individual initiative than association influence. In these groups the individual finds ample opportunity for self-expression and may play a prominent part in the moulding of ideas. Here is a field rich in training and provident with stepping stones for leadership.

Aids Individual Initiative

"The association offers no more valuable contribution to business than this enlargement of the field for individual initiative. The same forces that permeate our nation at large are coming to permeate these groups. The duties of service and a sense of constructive opposition to domination unite to make associations schools of public responsibility.

"Associations make for steady improvement in business ethics through the establishment and enforcement of business codes. The whole process of eliminating waste through standardizing the dimensions, quality of goods and business practice, is possible only by some form of association co-operation.

"There are still many wastes induced by destructive competition and unwise production which need the searching activities of our associations. One needs only to cite the great waste in return and cancellation privileges in the sale of goods in the wholesale trades.

"I am one who believes strongly that full constructive competition must be preserved in the manufacture and distribution of commodities. The vitality and strength of our whole economic system springs from spontaneous enterprise and stimulation of competition. The whole movement of our trade associations for standard and simplified products is a movement of protection to the smaller unit from extinction by the gigantic unit by giving to it the essential possibilities of mass production. Mass production does not necessarily mean single ownership—it means standard prod-

ucts and standardization increases competition.

"There is every reason to believe that the future will be a period of great associational growth and expansion under the impetus of increased productivity, individual initiative, business science and constantly cheapening methods of production and distribution.

"The National Association of Credit Men, one of the major associations of our country, deserves unstinted praise and the complete confidence of the business public for the constructive and evolutionary work it has been doing since its inception. The Association's cleancut achievement in stamping out and deterring commercial fraud is entirely in accord with the whole program of elimination of waste in business which the Department of Commerce has consistently advocated to the nation's merchants and manufacturers. The Association's influence is felt in the far by-ways of business through its legislative actuations in favor of the National Bankruptcy Act, Bulk Sales Law, the McFadden Pepper Bill, the Federal Reserve Act and other state and national legislative acts.

"It is largely through the efforts of the National Association of Credit Men that standardization and simplification have been introduced into our credit system. It is difficult to measure the resultant value to the business man. The Association is to be commended for its constructive work and deserves the whole-hearted support of the entire business community."

Management and Profits

The ascendancy of management and ownership in the control of business enterprise is of prime interest to the credit official. Mr. Hoover has pointed out that "the concepts of business organization of half a century ago were that business was controlled by the owners. The natural and major pressure was to get the highest possible profit to the owner by creating the widest possible spread between the cost of labor and materials on one side and the rate or price to the consumer on the other that competition would permit.

"The tendency of leadership in business to pass from the owners to professional managers has lessened the dominant pressure for ownership profits. Managers are arising from

promotion through skilled administrative staffs. With the lessened pressure to enlarge profits, the tendency is to compromise the possible earnings by larger wages and lower prices or rates to the consumer. In some cases this has brought the surprising result of decreased prices in the face of increased demand and of maintained high wages in the face of surplus labor."

Has Mr. Hoover in his close observations of the expansion of industrial units discerned any peril to our country in corporate consolidations and growth? The answer is pertinent and embracing, "We stand in no danger of corporate autocracy as long as dominant private property is not assembled in the hands of groups who control the state".

The underlying forces that have stabilized business can be profitably kept in mind by every executive and entrepreneur. The same forces that have affected our economic system at large can be directed to increase the earning capacity and the stability of the single unit enterprise.

Increasing Production Profits

Herbert Hoover after careful analysis selected "elimination of waste" as the keynote to increased profitable productivity. His national program for elimination of waste followed ten major lines: 1. Increased adequacy of railway transportation by improved equipment and methods, and the establishment of better co-operation. 2. Vigorous utilization of our water resources for cheaper transportation of bulk commodities, flood control, reclamation and power. 3. Enlarged electrification of the country for the saving of fuel and labor. 4. Reduction of the great waste of booms and slumps of the "business cycle" with their intermittent waves of unemployment and bankruptcy. 5. Reduction of seasonal variations in employment in construction and other industries. 6. Reduction of waste in manufacture and distribution through the establishment of standards of quality, simplification of grades, dimensions and performance in nonstyle articles of commerce; through the reduction of unnecessary varieties; through more uniform business documents such as specifications, bills of lading, warehouse receipts, etc. 7. Development of pure and applied scientific research

as the foundation of genuine labor-saving devices, better processes, and sounder methods. 8. Development of co-operative marketing and better terminal facilities for agricultural products in order to reduce the waste in agricultural distribution. 9. Stimulation of commercial arbitration in order to eliminate the wastes of liti-

the cost of manufacture. Demand is focused on specific varieties enabling manufacturers to produce for stock in otherwise dull seasons, thereby reducing intermittency in both labor and equipment. By such general action the smaller businesses are given the opportunities for repetitive manufacture, thereby holding their own in



© Underwood & Underwood.

HERBERT HOOVER

gation. 10. Reduction of the waste arising from industrial strife between employers and employees.

Mr. Hoover's outline of the basic principles underlying standardization follows:

"One of the major attacks upon industrial and commercial waste lies in standardization and simplification. By standardization we secure a positive approach through the establishment of definite notations in dimensions, quality and performance of materials and machines which must be accompanied by the development of tests to be applied in the determination of the fulfillment of these standards. Uniformity in such specifications reinforces the demand for standardized and simplified products.

"Economic savings through the adoption of standards and simplifications are enormous. The facilitation of repetitive manufacture gives mass production through concentration on fewer varieties, thereby decreasing

competition against large production units. There is also a great reduction in the volume of inventories required in the distribution trades. More positive competition and more reliable standards as to quality and service are developed.

"The high standards of living enjoyed by the American people are the result of steadily mounting per capita productivity. We are rapidly approaching the time when a business man will be able to determine the exact position of his industry in relation to production, stocks, orders, sales, conditions of source of supplies, credit, business activity and broad economic activity. The individual judgment through statistical and survey report data has become greatly strengthened. Statistics are like weather reports in their relations to business conditions. They can be made to convey warnings of every incipient movement toward overproduction or inflation so

(Continued on page 23)

JUNE, 1928

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EXHIBIT - B

THIS ALL SUBMITTANCE TO PORT WORTH, TEXAS

MONTHLY STATEMENT

MAGNOLIA PETROLEUM COMPANY
SALES DEPARTMENT

IN ACCOUNT WITH
M ARTHUR S. VEEGLAND
219 SHERWOOD AVENUE
DALLAS TEXAS

PAID 25
May 31 1928

THIS STATEMENT OF DEBIT, CREDIT, AND BALANCE OF ACCOUNTS IS PREPARED BY THE CREDIT MAN, WHO IS RESPONSIBLE FOR THE ACCURACY OF THE SAME. IT IS NOT A RECEIPT FOR THE ACCOUNTS OF THE CUSTOMER.

DATE	DEBIT	CREDIT	BALANCE
CR 2000 00			2000 00
4/5 54995	10 09		1989 91
4/7 CASH		230 00	2219 91
4/11 59095	5 68		2214 23
4/15 CASH		120 00	2334 23
4/23 75672			2334 23
4/24 75681			2334 23
4/27 CASH		50 06	2384 29

LAST FIGURE OF BALANCE COLUMN IS AMOUNT DUE

ledger sheet; also, the amounts which were in the various columns of the first Analyses were written in the next columns to the left in the subsequent Analyses. (See Exhibit C.) Exhibit B illustrates completed statement for the current month, and is mailed immediately on completion of posting of current month's charges and credits.

Age Analysis of Accounts

The territory in which we operate is divided into eight Divisions, with a Credit Man at the Home Office of each Division, and the result of collections, by these Credit Men, is scanned from the copy

of the Analysis, which is forwarded about the tenth of each month to the General Auditor.

As our organization attaches great importance to the prompt collection of accounts, every one, from the

Manager down to the agent in the field, is interested in that part of the work, as well as sales promotion. When an agent is appointed, the policies concerning credits are explained to him by the Credit Man, and a copy of the Analysis of accounts at his agency is thoroughly checked. Our salesmen not only represent us in their respective territories from a sales standpoint, but they are required to give attention to collections as well.

Each salesman has under his surveillance from ten to twenty agents, who are stationed at as many different towns, and over whose territory he acts as supervisor. He is furnished with a copy of the Analysis sheet, showing all outstanding accounts at each agency in his territory; and, upon his arrival at each agency, it is one of his duties to check over these accounts, with the agent, to note those that have been paid. The agent is notified daily, from the Home Office, of all accounts that have been paid direct. The salesman is then in a position to assist the agent on accounts that appear to be difficult.

A brief description follows of the use which is made of several columns:

The first column contains the rat-

(Continued on page 24)

column adding register totals were written on the Analysis, which was then removed from the machine, total in "Balance" column was checked with the Trial Balance Control figure, and, assuming that no errors were made, the four copies of the Analysis were distributed as follows:

1. Credit Manager
2. Salesman
3. Agent
4. General Auditor

Statements, which were placed in front of analyzed ledger sheets, were all ready to receive detail postings for the current month. The balances brought forward to them were automatically proven in process of writing the Analysis.

Exhibit A illustrates the preparation of the first Analysis. Subsequent analyses were made in a similar manner, except that the posted collector's copy of the previous month's Analysis was used in place of the original pencil notations on the

EXHIBIT - C

Analysis of Accounts in Division of DALLAS

DATE	DEBIT	CREDIT	BALANCE
AS 10000 00			10000 00
BS 2000 00			12000 00
CS 1000 00			13000 00
DS 1000 00			14000 00
ES 1000 00			15000 00
FS 1000 00			16000 00
GS 1000 00			17000 00
HS 1000 00			18000 00
IS 1000 00			19000 00
JS 1000 00			20000 00
KS 1000 00			21000 00
LS 1000 00			22000 00
MS 1000 00			23000 00
NS 1000 00			24000 00
OS 1000 00			25000 00
PS 1000 00			26000 00
QS 1000 00			27000 00
RS 1000 00			28000 00
TS 1000 00			29000 00
US 1000 00			30000 00
VS 1000 00			31000 00
WS 1000 00			32000 00
XS 1000 00			33000 00
YS 1000 00			34000 00
ZS 1000 00			35000 00

THIS ALL SUBMITTANCE TO PORT WORTH, TEXAS

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4/15 CASH		120 00	2334 23
4/23 75672			2334 23
4/24 75681			2334 23
4/27 CASH		50 06	2384 29

LAST FIGURE OF BALANCE COLUMN IS AMOUNT DUE



ROOSEVELT DAM, ARIZONA

Wide World

Credits on Southwest Trails

Have Played Thrilling Part in Region's Growth

By A. A. Martin

Credit Manager, Momsen-Dunnegan-Ryan Co., El Paso

WHEN a resident of El Paso speaks of the Southwest you may be sure he is referring to the region including the states of New Mexico, Arizona and the extreme western part of Texas. It is correctly thought of as a frontier country which has been in possession of the United States for only a little more than 75 years, during which it has undergone tremendous changes.

These changes have run through a brief but thrilling cycle including the years of fighting with the Apaches and other war-like Indians, the development of the Bonanza mining camps and the epic growth of the range cattle industry. These are immediately behind us—within the memory of living men,—but the present finds the Southwest absolutely conventional in social and commercial relations.

Beneath this conventional aspect of our Territory there is a spirit

which, I believe, is a little different from that animating the rest of the country. It is perhaps tinged with a trifle more daring, influenced by a little more of resolute optimism and inspired by a little more than ordinary faith in human nature. As we shall see, the reasons for this are largely historical.

Very little credit was involved in the early commercial activities of this part of the Southwest. The first representatives of the mercantile world were traders who followed in the wake of adventurers and explorers. They brought with them small stocks which they exchanged with the Indians for furs, wool, hides and other native products. They operated on a basis of short stops and long profits.

Gradually, as the marauding Indian tribes were subjugated, the cattle industry made its beginnings, moving westward into New Mexico from the great plains of Texas; but

it was the magic cry of "Gold!" from California that brought this section to the attention of the world.

Many of the gold-seekers from the East passed through this territory. Some of them felt its charm and settled here. Others, disappointed in their ventures on the Pacific Coast, stopped on their way back, hopeful of finding reward in the mountains and marvelous valleys of the region for their hardships and sacrifices. Their hopes were often justified. Rich deposits of gold and silver ore were found; and from these discoveries such famous mining towns as Prescott, Tombstone and Courtland sprang up.

The financing of these early mine operations was simple, but it entailed the use of credit in an unusual manner. Generally a merchant running a country store extended credit accommodations to the prospector, and acted as both banker and patron. He

(Continued on page 20)



One Month's Convictions

(March, 1928)

Obtained by the Credit Protection
Department of the National
Association of Credit Men

CASE	PERSONS CONVICTED	CHARGE	SENTENCE
J. Lieb Jamaica, N. Y.	Louis Goodovich	Violation of Sect. 215 U. S. C. C.	3 years on each of four counts run concurrently
Pyramid Make Co. New York City	F. H. Salfetty	False statement	Suspended
Stern Bros. New York City	Morris Stern Herman Stern	Concealment	18 months 6 months
Lee Meyerson New York City	Lee Meyerson	Conspiracy and concealment	15 months
John B. Crum, Jr. Crum Drug Store Crum, W. Va.	John B. Crum, Jr.	Concealing assets	Fined \$100 and placed on probation for five years
I. Goldstein Danville, Va.	I. Goldstein	Concealment	Fined \$200
Adolph Leventhal Nanticoke, Pa.	Adolph Leventhal	Concealing assets	Deferred
Henry Gehring Co. Cleveland, Ohio	Henry Gehring	Sec. 215 C. C.	18 Mos. Federal Penitentiary, Atlanta, Ga.
Wallace Brothers Mountain View, Okla.	Phil Wallace	29B. Bankruptcy Act	1 yr. 1 day Levensworth Penitentiary
David Lerner Chicago, Ill.	David Lerner	Vio. Sec. 215 C. C.	Fine \$750.00
Earl A. Schofield Detroit, Mich.	E. A. Schofield	Vio. Sec. 215 P. C.	3 Mos. County Jail, St. Joseph, Mich.
The Vogue Artesia, N. Mex.	Robt. D. Gordon	Vio. Sec. 215 C. C.	Fine \$1,500.00
Perkins Dry Goods Co. Elgin, Ill.	A. L. Perkins	Vio. Sec. 215 C. C.	Fine \$300.00
Morris Leftoff Detroit, Mich.	Morris Leftoff	Vio. Sec. 215 C. C.	4 Mos. House of Correction, Detroit, Mich.
Chas. G. Tindall New Liberty, Ill.	Chas. G. Tindall	Vio. Sec. 215 C. C.	1 yr. 1 day Levensworth Penitentiary
New York Outlet Store Grand Rapids, Mich.	Sol. Jacobs	Contempt of Court and Perjury	1 yr. 1 day Levensworth Penitentiary
John W. Coates Upper Mattole Humboldt Co. California	John W. Coates	Grand Theft	60 days' confinement County Jail, San Francisco, Cal.

Suggestion: The above information will enrich your credit files!

Collection Tactics

Methods and Inter-Department Mechanics

By C. W. Waters

Credit Manager, Wm. Schludenberg, T. J. Kurdle Co., Baltimore

This is the second and concluding article describing the credit system used by the Schludenberg-Kurdle Co.

COLLECTION follow-up in our offices begins with sending the customer an overdue account statement as outstanding bills mature. (This is in addition to the usual weekly statement mailed to the territory salesman.) At the same time, a follow-up card, showing customer's name and address and the dates and amounts of bills due, is prepared. This card is dated and placed in the collection follow-up file to come up again for attention ten days hence.

As these follow-up cards automatically come to the front in the file, they are handled by the Collection Department, which is a section of the Credit Division and headed by the Credit Manager. Each card is compared with the ledger records, and, if invoices recorded thereon have in the meantime been paid, it is marked *paid* and passed on to what is called a "dead file" for future use, should the account again become delinquent. If the invoices have not been paid, the Collection Department sends the customer an individually typewritten form letter. The follow-up card is then dated ahead ten days and returned to the collection file.

Although we have on hand for the use of the Collection Department a standard set of form letters, covering virtually any situation which may arise, no filled-in letters are ever used for collections. *Every letter is individually typed* and addressed personally to the customer. There is no set schedule for consecutive forms used. The letters are indexed, and one selected for each occasion that best suits the individual case.

When the follow-up card reappears the second time, the same procedure is used to find out if the account has been paid. If not, another suitable form or a personally dictated letter is sent the customer, and the card again dated ten days ahead.

Follow-up from this point is handled by the Credit Manager who first writes the customer personally dictated letters, using the signature of the Collection Department. Then, after allowing sufficient time for the debt to be paid, there are further letters carrying the signature of the Credit Department. This procedure of writing letters under different titles we have found has a very desirable psychological effect upon the customer. He is made to feel that the company as a whole, and not just one man, is interested in having him pay off his balance, and he sees that the departments are co-operating toward that end.

"Legal Office" Brought In

When accounts remain unpaid after these efforts, the Credit Manager then, over his personal signature and title, requests payment and informs the customer that unless an immediate move is made toward the discharge of the obligation, the account will be referred to the Legal Office for collection through court proceedings.

The Legal Office is another section of the Credit Division and is directly controlled by the Credit Manager. This office notifies the customer by registered mail that, unless payment is received within a stipulated period, immediate legal action will be taken. Where the customer is able to pay and merely prolongs payment for some personal or arbitrary reason, the effect of receiving letters from the Collection Department, the Credit Department, the Credit Manager, and finally the Legal Office threatening suit is to make him realize that his account is reaching the drastic-measures stage, and he will usually settle the obligation.

When, however, this point is reached, and the customer will not or cannot pay, the account is referred to a collection agency. All records of the account are then rubber stamped, "CLAIM TO ATTORNEY," and the ledger sheet is transferred to Accounts Receivable Sus-

pense. Customary legal proceedings are followed until collection has been effected, judgment recorded, or the account determined uncollectible, in which event it is charged to "Bad Debts" (Profit and Loss) at the end of our fiscal year.

Throughout the entire period of collection procedure, the follow-up card remains in the file and comes to notice every ten days.

Sales-Collection Letters

One type of collection letter which has proved very satisfactory appears at first glance to be merely a sales letter, but its underlying purpose appears in the reminder of terms and in the signature of the Collection Department.

We have been urging our Mr. (salesman's name) to interest you in a greater volume of ESSKAY Hams, Bacons, etc. Really, from what we have heard of your store and of you, as one of the outstanding retail merchants of Brownsville, we would deem it a privilege to number you as one of our regular buyers.

It is our object to render a service—on the customary (terms) basis of settlement—to merit your confidence.

Yours very truly,
The Wm. Schludenberg-T. J. Kurdle Co.

Collection Department.

A few further samples will show how the follow-up proceeds.

Gentlemen:

You have failed to do something you set out to do.

When you opened an account with us, you undoubtedly resolved to pay your bills promptly—but you have not done so. We are sorry, as delayed payments mean "no sales" and you may be prompted to buy from our competitors. We want to avoid such a condition—that's why we persuade our customers to pay bills promptly at maturity.

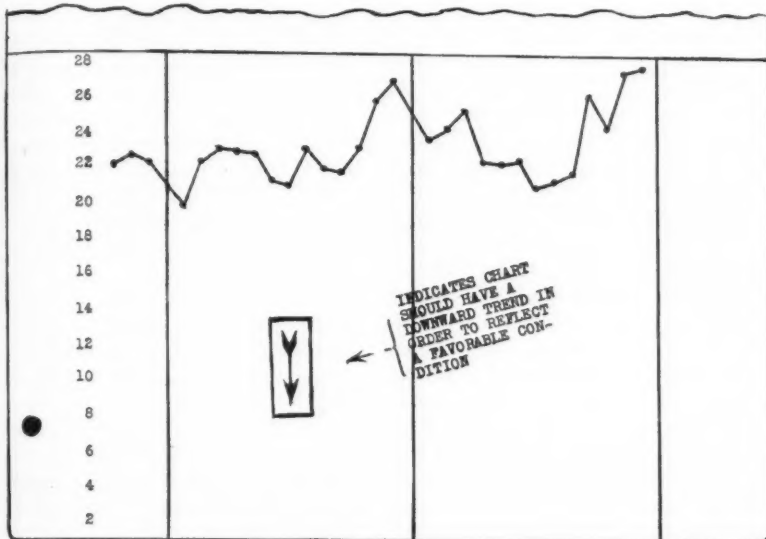
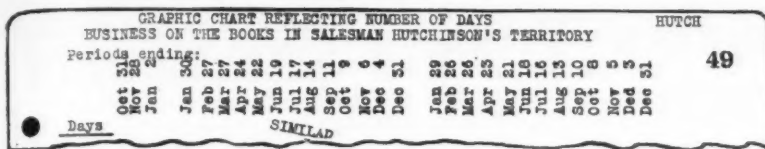
Check for \$— will put your account in good shape—don't explain—just remit and accompany payment with an order—we will understand.

Yours very truly,
The Wm. Schludenberg-T. J. Kurdle Co.

Collection Department.

Gentlemen:

The Collection Office has referred your account to the writer, as is customary when the period of delinquency



dates beyond a reasonable period. Accordingly, I have reviewed the letters written you and feel that every consideration has been accorded you since the maturity of this bill (or these bills). Our terms are (terms) so the (number of months) of delinquency covers more than (weeks or month).

But—the thing is to persuade you to pay. Our procedure of collection now will necessarily be more drastic and preliminary action by our Legal Medium will be preceded by a letter from them. It would be so much better if you would pay your debt voluntarily, close out the balance, and retain a good record for paying your bills. Now, wouldn't it? Do not let the claim develop into suit—it will only mean additional expense and trouble to you.

Drop us a line in the enclosed envelope. Can we depend on you?

Yours very truly,

The Wm. Schludenberg-T. J. Kurdle
Co.

Credit Manager.

Gentlemen:

Claim, in amount \$— and recommendation that we proceed to collect your indebtedness, has been referred to this office, but before adopting a more drastic method of enforcing payment, we thought you would appreciate another opportunity to liquidate your indebtedness.

Will you not kindly let us hear from you by say, (date)?

Yours very truly,

The Wm. Schludenberg-T. J. Kurdle
Co.

Legal Department.

Each letter is, of course, personally signed by an individual.

In order to keep the Management constantly acquainted with the activity of the Credit Division, specific reports are prepared at regular intervals, and these reflect the general business conditions as viewed from the standpoint of the Credit Office.

Reports to Management

At the close of each fiscal year, the Credit Manager submits to the President a complete report in which are included itemized statement of credit losses, new accounts opened, accounts declined and general credit conditions in all territories.

Once a month new account and declined account statements are compiled and submitted to the President for his guidance and information; and every 28 days there is submitted a report which shows the number of days' business on the books, or, in other words, the collection turnover in all the various territories. The figures on these periodic statements are also transposed to graphic charts, one for each salesman. (See illustration.) These charts, covering a period of five years, indicate the number of days business on the books in each of the out-of-town territories, the individual branch house territories and the local territories as a whole; and sales and accounts receiv-

able in combined out-of-town territories. The branch house sales and accounts receivable are recorded individually to show conditions in each of the branch house territories, while the sales and accounts receivable or combined local territories are also plotted.

An additional statement showing percentage of accounts receivable overdue in local territories is prepared each week for the President.

Branch houses, at the close of each four-week period, submit to the Baltimore Credit Office a complete report, listing overdue accounts and reasons for the delinquency of each. These reports are examined by the Credit Manager who requires accounts which seem unreasonably delinquent to be reported upon by the branch house manager. However, collection follow-up is not begun by the home office until the branch managers report that all efforts of the branch to make collections have failed.

Control of Records

In order to center a main control, the Credit Division has direct supervision over all addressograph, accounting, and sales recording forms. New account advices, in the form of printed slips, filled in on the typewriter, are prepared in the Credit Office for the Addressograph and Accounts Receivable Departments and the Sales Division. The branch house and Night Packing Division receive similar new account advices, together with customer's cards for their files on branch house and city accounts. On all New York accounts, the Metropolitan District Office receives a copy of the new account advice.

When a change in the name or address of an account must be made, the Credit Division sends to the various departments "Change in Style" advices so that the records of all departments are changed simultaneously and uniformly. At the same time, the record in the customers' card file is changed, but the old record is voided so that it remains discernible in case it might prove valuable at some future time.

The discontinuance of accounts for whatever reasons is controlled in a similar way by the Credit Office. After discontinuance procedure has been completed, the customer's card

(Continued on page 25)

The Confectioners' Trade Division

By J. E. Vaughan, Jr.

THE Trade Group Department of the Central Division, N. A. C. M. recently announced the organization of the Confectioners' Trade Division, with a membership exceeding three hundred, including every prominent candy manufacturer in the industry—an industry now in the Billion Dollar class.

Back of this modest announcement there is an interesting story, which appears as a feature article in the March issue of the *National Confectioners Association's* bulletin.

"For a good many years," the article begins, "credit conditions have been a lively topic of discussion at our Annual Conventions, meetings of the Executive Committee, and at all meetings where members of the Candy Industry were gathered together for the purpose of discussing the weal and woe of the Industry."

These discussions crystallized into action at the 1926 Convention. A committee of able, experienced credit executives was appointed to formulate a Credit Plan which would adequately cope with existing problems and meet the growing needs of the industry. This committee, of which Mr. Grover C. Haislip of Chicago was Chairman, submitted a comprehensive report to the 1927 Convention.

With reference to the Committee's report the article contains this statement:

"In the opinion of the members who heard that Report, it was sound, practical, adequate to the needs of the industry, inexpensive, and one which all members could easily adopt and put into effective operation in their Credit Departments. * * *

It is unnecessary to elaborate upon it here. Briefly, the Plan provided for:

"1. The adoption of a Standard Form of Credit Service available through Credit Interchange Bureaus, comprising the National Clearance System of the National Association of Credit Men.

"2. The monthly publication of a Consolidated Report on the 'slow-pays' and the 'don't-pays' in the trade.

"The Plan is simple, yet effective,

providing for standardization of service and unity of action of equal advantage to all."

After a series of conferences with officials of the National Confectioners' Association, the Trade Group Department of the Central Division, N. A. C. M., undertook to give force and effect to the prescribed service on a nationwide basis. The campaign reached into every market of the country where candy manufacturers are located. With the whole-hearted support and co-operation of the National Confectioners' Association, and with the co-ordinated and concerted efforts of every local credit association in the National System, the Confectioners' Trade Division has been organized with the results as previously stated.

More than three hundred confectioners throughout the United States are participating in the exchange of ledger experience and co-related credit data through the medium of Credit Interchange bureaus and branch offices in more than one hundred markets. Current reports are replete with the most valuable credit information to be obtained, namely, the unbiased, unvarnished facts as revealed by the accounts receivable records of the members. The scope of the service makes possible reports of the most satisfactory character on any and all accounts in the trade.

The supplementary service consisting of consolidated reports issued bi-monthly covering past due accounts sixty days or more overdue, is proving a valuable adjunct to the Credit Interchange reports.

Report No. 1 issued by the Confectioners' Trade Division as of February first, comprised approximately five thousand accounts in every state of the Union, the District of Columbia, Alaska and Canada. The opinion is freely expressed by Trade Division members that it is the most complete compilation of credit data on the trade which has ever been assembled under one cover.

Report No. 2 is now in course of preparation and the indications are it will be even more valuable than the previous report by reason of the

steadily increasing number of Trade Division members.

It is safe to say that with the foregoing plan operating efficiently and effectively, there is no other industry or classification of trade and commerce that is currently keeping as thoroughly informed regarding its accounts. This spells the reduction of bad debt loss, the prevention of the common practice of pyramiding credits, and it is making it easier for the prompt paying debtor to obtain merchandise and exceedingly more difficult for the irresponsible debtor to broadcast his purchases and settle by unreasonable and questionable compositions or the bankruptcy court.

Success begets success. The Confectioners' Trade Division is now preparing to make full use of the Adjustment Bureaus of the N. A. C. M. which are especially organized to deal with composition offers and the estates of embarrassed and insolvent debtors. The plan is to concentrate all members' claims through the Division secretary.

The article previously referred to has this to say with regard to compositions and bankruptcies:

"Several recent large failures involving several hundred thousand of dollars, where compromise settlements have been offered, emphasize the importance of unity of action in order to conserve the assets of bankrupt firms so that the creditors may receive the largest possible payment.

"No member should accept a compromise offer of fifteen, twenty or twenty-five percent or whatever it may be without first communicating with the Secretary or the Confectioners' Trade Division of the National Association of Credit Men to find out whether the offer is a fair one and whether the proposition is tainted with fraud, and what other creditors are doing. The only way that the interests of the members of our Association can be properly protected in cases of this kind is through unity of action and through the securing of a majority of claims in both number and amount, controlling the appointment of a Trustee and accepting or rejecting any compromise offer that might be made by the debtor.

"In view of the work that the National Association of Credit Men is doing for us through the organization of the Confectioners' Trade Division

(Continued on page 25)

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Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

Contracts

Q. What constitutes a binding order in the State of Illinois?

A. The inquiry is apparently directed particularly to the question as to whether or not a salesman has authority to accept an order which is binding upon his employer. As far as we are advised the rule in Illinois is the same as elsewhere, to wit, that a salesman whose authority is limited to the solicitation of business, has no implied authority to make a contract binding upon his employer. The subject of the acceptance and acknowledgement of orders is covered in the 1928 edition of the Credit Diary and Manual of Commercial Laws, beginning with page 116.

Protest Fees

Q. A debtor with sufficient funds in the bank to pay his check gives a check to the creditor, which is dishonored by the bank upon presentation for payment for the reason that the bank closed its doors before the check was presented. The bank protested the check, and protest fees of \$2.25 were charged against the holder of the check,—the creditor. Was the bank within its rights in protesting the check?

A. It is customary for banks to protest checks and other forms of negotiable instruments, in all cases, the protest being for the benefit of the holder of the instrument. The purpose of protest is for the purpose of proving presentation for payment, non-payment and dishonor, and notice to the endorsers. While there is no advantage in protesting a check where there are no endorsers, in the absence of instructions on the check itself, the bank was within its rights in doing as it did. The protest fee goes to the Notary, and not to the bank, so there is no advantage to the bank in causing the instrument to be protested.

Conditional Sales

Q. Where property is sold under a condition sales contract which has not been filed as required by the law of the State where it was made, is there any criminal liability on the part of the conditional buyer, in the event that he misappropriates the property? The inquiry is directed to the State of Michigan.

A. Sec. 15385 Compiled Laws of 1915, Michigan, provides that any person who shall embezzle, fraudulently remove, conceal, or dispose of any goods, chattels or effects covered by a contract of conditional sale, with intent to injure or defraud the

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the Credit Monthly. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved. —E. P. P.

owner, shall be guilty of a felony, if the value is of \$25 or more, and shall, upon conviction thereof, be punished by imprisonment in the state prison, not more than two years, or by fine of not more than \$250 or by imprisonment in the County jail for not more than six months. If the property embezzled, removed, concealed or disposed of as aforesaid shall not be of the value of \$25, he shall be deemed guilty of a misdemeanor and be punished by a fine not exceeding \$100 or by imprisonment in the County Jail not exceeding ninety days, or both fine and imprisonment. Contracts of conditional sale are valid as between the parties, regardless of whether the same are filed or recorded or not. The filing statutes are merely for the protection of third parties.

Banks

Q. When a check is received from a customer and is charged by the customer's bank to the customer's account, and the bank thereafter fails before the proceeds of the check are remitted to the creditor, is the creditor's claim against the closed bank or against the customer?

A. The answer is that the creditor's claim is against the defunct bank. This question is discussed in the Credit Diary and Manual of Commercial Laws, for 1928.

Promissory Notes

Q. Is there any way to accelerate the maturity of a promissory note in the event that the merchant makes an assignment for the benefit of creditors, or sells out, or has a fire, etc.?

A. The maturity of a promissory note may be accelerated by placing upon the face of the note any appropriate clause to that end. In case of the bankruptcy of the

maker, all obligations immediately become due and payable in any event, so no special clause for that purpose is necessary. An acceleration clause which might be used is the following:

"In the event that the maker of this note shall make default in payment of any other obligations to the holder hereof, as and when the same become due and payable, or in the event that the maker shall sell or dispose of his business or shall sustain a loss by fire, then and in any of such events this note shall immediately become due and payable at the option of the legal holder thereof."

Salesmen's Commissions

Q. 1. Should commissions of salesmen for services rendered be based on the gross amount of the sale or the net amount after a cash discount has been deducted?

2. Do you know whether any disputes of this nature have been brought to Court and a decision rendered?

A. 1. Whether or not the salesmen's commissions are figured on the gross amount of the sale or the net amount after a cash discount has been deducted is usually a matter of contract between the employer and the employee. In the absence of an agreement to the contrary, however, it is believed commissions should be based upon the gross amount of the sales.

2. We know of no decisions which have passed on this particular point, but it seems to us beyond doubt.

Trade Names

Q. Can a Company, incorporated under the laws of Pennsylvania under one name, also trade in another name?

A. It is not unusual in Pennsylvania for certain corporations who have complied with all requirements relative to registration to use an assumed trade name or designation in the operation of its business simply for sales purposes, while all contracts are made in the corporate name. We are not prepared to say that this might not be objected to as an ultra-vires act, though on the other hand, it could be well assumed that there is no distinction between a natural and an artificial person in this respect, and that either has a right to register an assumed name or style under the Pennsylvania Fictitious Name Act of 1917. We know of no cases where the question has actually been decided.

Credit Department Mechanics

Sixth Article in Series on Credit Engineering

By Raymond E. Bell

President, Raymond E. Bell, Inc., New York

THE announcement that the annual convention of the National Association of Credit Men at Seattle this month would offer another Business Exhibit, representing the latest accomplishments in the application of the machine to office work, is, to my mind, a significant recognition of the scope of the credit function in business organizations and of the important part actually played by mechanical equipment in credit operations.

The application of science, or in other words, engineering to business, discloses its usefulness in the office of the Credit Manager quite as frequently as in the other divisions of management. When it comes to a knowledge of the latest methods for accomplishing thoroughness, speed, accuracy and economy, his department is quite as important as the rest and he is naturally going to be looked to by the head of the business to hold up his end in any discussions on these subjects.

We are all aware that many objections have been raised to the use of machines. It has been argued for example, that they increase rather than decrease fatigue. Some are impressed with the fear that they will develop a race of unthinking, unreasoning automatons while others are concerned with the possibility that they will break up the job into divisions so small as to destroy interest and dwarf individual development.

Whatever may be the broad conclusion of the management philosopher, regarding these dismal predictions as to the future of the machine in its relation to broad social influences, it is quite obvious that this generation—and probably several or many rising up in the future—is living in a machine age. The machine is here and its prevalence is far too obvious to be denied even by those ostrich-minded individuals who will decline to accept each new advance even though blindly using the old.

In truth, while each new application receives its share of the oppo-

sition that is usually meted out in one form or another to all changes in methods, it gradually settles into its allotted place in the order of things, is taken for granted, and is lost to criticism as a matter-of-fact article of obvious merit.

The machine, in the abstract, is an accepted appliance. Whether it be in the office or factory building or in the home, on the highway, or on the farm, in the air or on the water, within the factory or around the office, the machine has demonstrated its indispensable accomplishments as a part of our daily lives. Its sway is undisputed. Our general reaction when there is work to do is a hope that there is a machine to do it. Its victory over labor and fatigue is established and it becomes an important duty to understand and not to blindly oppose it.

Preparing for Machines

One can hardly expect the machine, however, even though accepted as the acme of perfection, to twist and turn with the flexibility of the human arm directed by the versatility of the mind—marvelous as the possibilities of the machine have disclosed themselves to be. Needless exceptions and uncertainties of procedure (which should have been eliminated anyway), must be weeded out before the machine can start its work satisfactorily. In short, there *must be a perfected routine for it to take up*. The lack of observance of this fundamental consideration has often destroyed for the Credit Manager, an opportunity for speed and economy that he could little afford to lose.

The Credit Manager should, therefore, first be sure that there is simplicity in his routine, and that all useless steps and unnecessary variations have been eliminated, and that his assistants are thoroughly trained in their duties. If the steps are irregular or each transaction has imminent possibilities for exceptions, he can have little hope for adequate fulfillment of his departmental obligations

through the help that mechanical genius has to offer in keeping his costs below his budget.

In a word, systematizing precedes mechanizing. The credit manager who would reach distinction in the conduct of his department may well set up the rule that orderly procedure and routine shall be the order of the day. Through lack of ability to properly delegate clerical duties, many a credit manager has found it difficult and often perplexing, if not impossible, to realize the advantages that the machine age has to offer.

It is well to bear in mind that machines can absorb but they cannot adjust the routine of business. They can turn out only what is fed in. For that reason they cannot be expected to work successfully until human beings have reduced the task to uniformity. Machines follow best when human uniformity has been established in the same operations.

Machines and Habits

The machine is the representation of a standardized operation or a series of standardized operations. It becomes in this way the logical substitute for formed habits where regularity has grown to be automatic, where movements have ceased to require conscious thinking for their execution. Machines are the cast-off shell of our routine that is no longer worth our doing and should be turned over forthwith to steel and iron, so that we may devote ourselves to pursuits that no machine is capable of.

How often have we been astonished to find ourselves occupied with duties that might, by adaptation, be left to some machine! We write checks by hand when speed and security are better obtained through mechanical contrivances. We add columns of figures mentally, when a little training and co-ordination between hand and mind would permit

(Continued on page 27)

The New Burroughs Calculator



*Weights less than 7lbs.
Size 6¼ x 11¼ inches
Fits a desk drawer
Accumulates to 9,999.99*

This new machine will be found invaluable for checking and proving sales slips and invoices, figuring inventories, mark-up, interest, discount and percentages; for pay roll extensions, checking freight bills, adding cashiers' stubs and many other uses.

It is built with the same care as

Burroughs Calculators of larger capacity and is backed by Burroughs guaranty and world-wide service. At \$80 it is priced so low that it should be found on every desk of every business large or small.

Ask your local Burroughs representative for a demonstration or write to

BURROUGHS ADDING MACHINE COMPANY, 6326 SECOND BLVD., DETROIT, MICHIGAN

When writing to advertisers, please mention the Credit Monthly

Credits on S. W. Trails

(Continued from page 12)

furnished food, tools and other supplies with the understanding that he would share in the profits if and when his protégé found pay dirt.

It is true that these grub-staking transactions of the storekeepers smacked more of gambling than of credit, but the many merchants who received no return from their long-shot investments merely "forgot" their losses, while the few who became partners in valuable mining property complimented themselves for their astuteness and foresight. The same kind of financing, in other fields, is common today.

Primitive Methods

Operations of the early prospectors were, of course, entirely unscientific. At best they had only intuition and perhaps a little practical knowledge to guide them; and even if they discovered mineral-bearing ground it was impossible for them to develop anything but the high-grade ore. Vast quantities of low-grade ore remained untouched because the primitive methods in use could not work it properly.

The evolution of the mining industry brought scientific study and investigation. Large units of capital were invested, and tremendously expensive equipment, capable of handling these low-grade ores profitably, was purchased. But even today in the course of development or promotion there is always a considerable number of mining operations which lean heavily on the supply houses for the credit support given by the country merchant in the old grub-staking days.

As a result, supply houses have occasionally come into possession of mining properties and have been compelled to operate or market them as best they could, with the hope that pay ore would be discovered some time. One supply house owner in southern Arizona acquired the same mine three times; and, as he remarked, "It was not a particularly good mine either."

Mining is perhaps a trifle more spectacular in some respects than cattle raising, but the cattle business gradually became the chief industry of the section. Western Texas, New

Mexico and Arizona offered ranchers vast areas of land which was more suitable for grazing than for any other purpose. The higher levels in the mountains furnished rich feed during the summer months, and in colder weather the lower valleys and plains gave the herds almost unlimited pasturage, where the winters were mild and no shelter for the stock was needed.

The larger cattle companies operated within their own capital or did their financing largely through Eastern sources. The smaller operators depended upon local banks and merchants, and constituted one of the credit manager's greatest problems.

Cattle, grazing on more or less desert ranges, could produce no income for their owners except when the stock was shipped to market, usually twice a year. This condition meant that the operators could make settlements only once in six months, and that bank loans could be liquidated or adjusted only at such infrequent intervals. Between shipping dates, creditor merchants expected no cash.

However, in spite of its peculiar credit problems, the cattle industry held its own except during temporary periods of drought or low prices.

Then, during the World War and the year or two immediately following it, the industry experienced the uncomfortable combination of a drought in the Southwest coupled with extremely high prices. Unhappily, the drought continued after the prices had fallen; and the outcome was a tremendous liquidation in which hundreds of cattlemen became insolvent or went through bankruptcy. Later many banks carrying cattlemen's paper were compelled to close their doors.

After the catastrophe it was easy to see the many weaknesses which had crept into the financing of the cattle industry. Rehabilitation work, which has been going forward for three or four years, is founded on principles that will probably mean safety for all.

Irrigation

The newest and most promising industry of this region is one which is little seen by the traveler in train or automobile. This is farming in the irrigated districts watered by the great Roosevelt Dam in central Ari-

zona and by the Elephant Butte project in southern New Mexico.

There are many other smaller irrigation developments, both Government and privately owned; and they all have in common the marvelous conversion of desert waste into fertile farmland. Practically all of the land watered by these numerous projects is under cultivation and is populated by settlers who have moved in from other farming sections.

The financing of the farm industry has presented a variety of credit problems. Some years ago the prevailing crop was alfalfa, which under local climatic conditions produced as many as six cuttings a year and gave the farmer a crop to market as early as May first.

The frequent sale of crops was conducive to prompt payment of store bills and to keeping bank loans at a low figure. However, hay is a commodity that seldom can be shipped long distances to advantage, and the price in local markets was often low. Farmers sought crops producing greater profit, and when it was demonstrated that cotton could be successfully grown, there was a rush to adopt it as the standard crop. Some farmers did rash things, such as selling their dairy stock and plowing up their well established alfalfa fields.

Leading Crop

The general adoption of cotton occurred during the war, and it is still the leading crop for excellent reasons, inasmuch as the soil, climate and other conditions are admirably suited to its cultivation. The high yield per acre produces a good return, even when prices are low; but every cotton country has a by-product in the form of a knotty credit problem. Cash is available but once a year, as the tradition of the cotton farmer is to grow cotton only. He must be financed from season to season for everything he eats, wears and goes driving in. Struggling with this problem gives us a definite kinship with the Southern States.

The preceding space has been devoted to outlining the industries of this part of the Southwest in order to give the reader a glimpse of the rapid development of the region and to point out the credit problems that

(Continued on page 29)

Picturesque TACOMA

An Interesting Side Trip for Delegates

Delegates attending the convention of the National Association of Credit Men in Seattle June 10-15 will not only be afforded the opportunity to familiarize themselves with the beautiful host city, but will be privileged to visit other interesting cities and beauty spots in the Puget Sound country.

Western Washington and particularly the Puget Sound region has been endowed by nature with delightful scenic surroundings and at the time of the convention, the early part of June, will present a beautiful spectacle.

Tacoma will undoubtedly be visited by many delegates because it is delightfully situated on the shores of Puget Sound. It rises tier upon tier from the water's edge, and presents a wonderful setting to those entering the city by boat, rail or automobile. On the east of the city rise the Cascades, to the left the Olympics, and to the north and south are lakes, fishing streams, in fact everything that goes to make pleasure for those who enjoy the outdoors.

From convention headquarters to Tacoma is a journey of a little more than an hour, and a sincere warm welcome from the hospitable residents of the city will be felt directly the city limits are reached.

A visitor in Tacoma is usually impressed with two things in particular: the industrial development in the city and its beautiful scenic attractions. With cool summers and mild winters, and as the open door to mountain streams, snow capped peaks, virgin forests, and every type of scenic delight, Tacoma is a vacation paradise.

Costly mansions and modest bungalows, both attractive in design and architecture, surrounded with green

lawns and shrubbery, with roses and other beautiful flowers blooming profusely, make up a charming city admired greatly by all who view it.

Many beautiful parks are to be found in Tacoma, each possessing an inviting and alluring appeal, particularly Point Defiance.

Beautifully situated and almost entirely surrounded by the waters of Puget Sound, this park covers an area of 640 acres, the greater part of which is virgin timber. The many flower gardens, where bloom over 80 varieties of roses alone, especially in the month of June, form a striking contrast to the hundreds of



PARADISE INN, RAINIER NATIONAL PARK
The Scenic Marvels of God's Own Beautiful Nature are made available through the provision for every creature comfort of man at Paradise Inn in Rainier National Park.

acres of dense forest. Wright Park, another attractive spot in Tacoma, contains over 300 varieties of trees and shrubbery and is one of the largest of its kind in the world.

There are a great many things to
(Continued on page 31)



Robert M. Smith.
Portion of business section and industrial tideflats.



The NORTH STAR

is not conspicuous in the skies because of size or unusual brilliancy, but because it is the *guide star* of the universe. When men are lost they seek the north star for direction. Certainty of *direction* enables a man to find his way out—to avoid pitfalls that he might encounter by taking the wrong course.

The CREDIT MANUAL is a *guide star* for the credit executive. He may look to it for *direction*. He may be sure from consulting its contents that he is following the right course relative to legal phases of his credit problems, and thus avoid the pitfalls of major legal complications.



List of Contents:

the full text of the Bankruptcy Law with the recent amendments explained; list of referees, complete record of the many important changes made in States Laws affecting credits, secured from the Advisory Editorial Board of Attorneys which covers every State in the Union; information in convenient form on Sales, Contracts and Cancellations, Guarantees, Liens, Exemptions, Foreign Corporations, Chattel Mortgages, Consignments, Negotiable Instruments, Acceptances, Trusts and Combinations, Liability, Bulk Sales, Assignments, Bad Check Laws, Attachments, False Statements, Claims, Income and Stamp Tax, Postage Rates, Air Mail, a list of 100 Business Books, etc.

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valuable compilation.

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Foreign Trade Convention

THE 15th National Foreign Trade Convention at Houston, Texas, April 25-27, was the largest foreign trade gathering ever held in the South. About 1132 delegates registered from 32 states and 20 foreign countries. This convention culminated a notable response on the part of the National Foreign Trade Council to the industrial growth of the South. Five of its conventions have been held in the southern states, two in New Orleans, one in Charleston, S. C., one in Houston, and one in St. Louis.

George P. Auld, of Haskins & Sells, New York, former Accountant-General of the Reparations Commission, gave an address on the prospect in Europe with special reference to the debt problem and the working of the Dawes plan. Mr. Auld demonstrated that Germany is amply able to pay the debts she now owes the Allies on war and commercial accounts. He maintained that the transfer problem now is a pure figment of the imagination beside the real factors that make for international trade and finance and that it is dangerous only if the English school of economists led by John Maynard Keynes succeed in upsetting the world credit system by their predictions of impending difficulties in the Dawes plan when the period of maximum payments arrives this Fall.

Ambassador Don Carlos G. Davila, of Chile, the outstanding speaker at the Latin American Session, outlined the true course of trade between North and South America and showed that the supremacy of the United States as the principal buyer and supplier of the Latin American countries was not an outgrowth of the war, but was an inevitable process whose full development had been interrupted by the war.

Practical statements by James A. Farrell, Chairman of the National Foreign Trade Council, to the effect that peace is the best condition for trade and prosperity, and that by allowing South America to work out her own destiny, with peaceful purpose and by peaceful methods so that out of her increase in trade the United States may derive a share, were followed by remarks by W. R. Castle, Jr., Ass't. Secretary of State.

When writing to advertisers, please mention the Credit Monthly

Hoover and Credit

(Continued from page 9)

that individual action becomes a great neutralizing force.

"One of the largest wastes hitherto in our whole economic system was the periodic booms and slumps of the 'business cycle'. The waste of the boom through speculation, overproduction, ill-advised expansions, extravagance, relaxed effort, and decreased efficiency, with its inevitable collapse, is followed by still greater wastes during the depression by unemployment.

"The business cycle, of course, is not based alone upon purely economic forces. It is to some considerable degree the product of waves of confidence or caution—optimism or pessimism. Mitigating forces during the past few years have considerably flattened the curve of the business cycle and very large national waste has been to a considerable degree eliminated."

A few sidelights on the character and personality of Herbert Hoover will provide a background for his idealistic interpretation of business.

His first real business experience was in conducting a laundry to pay his way through Stanford. His first business failure overtook him when he and a college associate sponsored a Paderewski concert in San Jose. The nimble fingered Pole was not as well known in the 'Nineties as he is today, and the two ambitious college promoters found themselves four hundred dollars short of the necessary two thousand. Paderewski, when he learned of the deficit, graciously allowed them to pay all expenses, deduct a fair profit for themselves, and pay him the balance. Herbert Hoover evened the score with Paderewski when he directed the feeding and relief of the starving Polish nation.

At twenty-three he answered successfully the call from an English mining company that wanted an engineer thirty years old with the qualifications of seventy-five years experience. Throughout his dramatic and picturesque labors in Australia, Bur-

ma, Korea, Siberia, Russia, China and his own great country Herbert Hoover has cherished one power—the power to do the things he believes worth doing.

He was known to his schoolmates at Stanford as an "organization shark." This ability has brought him to the position of one of the world's most successful organizers. Hoover will always be of particular interest to the business man because of his successful and unusual methods of procedure in organization work.

"Fishing is not so much getting fish as it is a state of mind and a lure of the human soul into refreshment." This quotation is a revealing touch of the boyishness in the man.

One of the characteristics that impressed me most when I talked with Mr. Hoover was the boyish smile that he has retained through the years of his struggles and achievements. In the impulses back of that smile lie perhaps the humanitarian fountains of his idealism.

The multiplicity of problems that Mr. Hoover has had to solve gives unchallenged weight to his expressions on questions of national interest. It is time to sit up and take notice, as the saying goes, when Herbert Hoover emphasizes that "American business is acquiring a credit conscience. It will not be a surprise when the credit fraternity lifts itself to the dignity of a profession. The

The world's most frequently consulted book



IT is impossible to know the number of times that Bell System telephone directories are consulted each day. Yet it is safe to say that they are the most frequently used books in the world. More than 1900 separate directories are issued, most of them twice a year. An aggregate of over 31,000,000 copies is required annually. From these directories more than 56,000,000 calls are made a day over the wires of the Bell system.

Basic facts on American Telephone and Telegraph as an investment

With its predecessors, the American Telephone and Telegraph Company has paid dividends regularly for

forty-seven years. Its stock is held by more than 420,000 investors. It is constantly seeking to bring the nation's telephone service nearer to perfection. It owns more than 93% of the combined common stocks of the operating companies of the Bell System which furnishes an indispensable service to the nation.

Write for booklet "Some Financial Facts"

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SECURITIES CO. Inc.

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Providing Strong and Dependable
Insurance in FIRE and ALLIED
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moment a trade takes the character of a profession it marks a great advance. The distinction which marks the term *profession* in law, medicine and engineering is the incorporation with the daily task of a responsibility to the community and insistence upon a high degree of service."

Age Analysis of Accounts

(Continued from page 11)

ing, if any, of the customer, which is taken from commercial agency reports. The next column, the heading "MC" indicating maximum amount of credit authorized by the Credit Man, is taken from the ledger sheet, which is closely watched by the machine operators. Entries are made daily to statements and ledgers, in one operation, and when an account reaches approximately the maximum, the condition of the account is called to the attention of the Credit Man, who notifies the agent to discontinue credit sales until further advised.

The "R" and "MC" columns are of great value to the General Auditor in scanning the Analysis sent to him by the Credit Man. In cases where the account is perhaps a little past due and no rating is shown, the Credit Man makes a notation opposite the account, stating his reasons for further extension of credit to the customer. After studying the Analysis of each Division, the General Auditor usually calls for explanation of a number of accounts and offers some helpful suggestions to the Credit Man, for future guidance.

The Credit Man's analysis is carefully checked against the ledgers for payments, before dictating on delinquent accounts, because of the fact that the Analysis is used in following up past due accounts and it is very important that all balances are correctly distributed.

Thousands Saved

We would not think of being without continuous Account Age Analysis. It would be like going from light into darkness. While our old method told us what portion of an account was overdue, we did not know, without a great amount of individual analysis, what the degree of tardiness in payment was. Now we know in an instant—no longer than it takes to turn a sheet.

The plan has saved us thousands of dollars. This has been due primarily to the cutting down of losses on bad accounts, charges to which have been stopped in time, and because the knowledge which the Analysis has distributed has made high pressure, timely collection methods possible. Secondly, savings have resulted from elimination of duplication of records, from lost time in looking up accounts and from friction between the activities of the credit men and the bookkeeping department.

The system has been, in short, an outstanding example of the application of the old adage, "Knowledge is Power."

Saving for 36 Years Pays Brother's Debt

AFTER devoting 36 years of her life to pay an \$8,000 debt incurred by a brother who died, Miss Mary C. Shaw, in the 81st year of her life, died last month at Maquoketa, Iowa. Denying herself a new dress for many years, she carefully administered the affairs of the small estate left by her father. Although she acquired the reputation for excessive frugality, her scrupulous honesty was recognized and honored.

Only after her death was it learned that she had spent every available dollar to liquidate a debt which she considered a debt of honor. She died happy.

Credits at N.R.C.A. Convention

THE 16th Annual Convention of the National Retail Credit Association will be held at Kansas City, Mo., June 19-22. Among the prominent speakers will be Albert I. Beach, Mayor of Kansas City; Dr. Julius Klein, Chief, U. S. Department of Foreign and Domestic Commerce; Leop. L. Meyer, Credit Manager, Foley Bros. Dry Goods Co., President, N. R. C. A.; David J. Woodlock, Manager-Treasurer, N. R. C. A.; Justin H. Edgerton, Credit Manager, McCreary's, New York, Chairman, N. R. C. A. Class Education Committee; W. F. Gebhardt, Vice-Pres., First National Bank, St. Louis.

Confectioners' Trade Division

(Continued from page 16)

vision, we should extend to them every possible co-operation in the placing of claims against embarrassed or bankrupt debtors. The incentive to play politics in connection with claims of this character will be lacking in this organization, and it is a sound and conservative step to urge that in all future cases of any size, members should send their claims against the debtors to the National Association of Credit Men, or one of that Association's affiliated branches, with the request that they investigate and protect the interests of our members. This should be done regardless of notices that may be received from attorneys and collection agencies urging the placing of claims in their hands for collection. We feel sure that we are all anxious to improve credit conditions in our Industry and believe that by so doing the credit conditions in the industry will be improved to a very great extent."

The rapid and spectacular, yet sound and wholesome growth of the candy industry is no mystery. It has grown by leaps and bounds because it is well organized and because its membership believe in "team work."

What the Confectioners have done, other organized industries can do. The way is clearly pointed out. The Trade Group Department of the National Association of Credit Men was created for the specific purpose of doing precisely what has been accomplished in the credit world of the candy industry.

Collection Tactics

(Continued from page 15)

in the central file, marked with the reason for the discontinuance, is returned to the file and remains a permanent record.

As accounts are discontinued, correspondence and other data are removed from the customers' credit file and placed alphabetically in the "Discontinued File."

Some of the other control forms used in the maintenance and adjustment of credit records, are:

New Prospective Account advices—copies to Addressograph and Sales Promotion Departments. Plates kept for advertising purposes of all prospective, C. O. D. and credit accounts are directly controlled by Credit Division.

New C. O. D. Account advices—copies to Addressograph Department, Sales and Night Packing Divisions, and Branch Houses. Record of sales to C. O. D. customers is kept, and as desirable C. O. D. accounts become dormant, the records automatically show such inactivity, resulting in immediate follow-up for purpose of resale by the Sales Promotion Department.

Change in Style advices for Prospective and C. O. D. Accounts.

Discontinue advices on Prospective and C. O. D. Accounts.

Prospective accounts which are eventually sold on a C. O. D. basis are transferred from the prospective file to the C. O. D. records by means of a form known as, "Prospective Account to C. O. D. Account" advices. Prospective accounts finally placed on credit records are transferred through the medium of "Prospective Account to Credit Account" advices.

Addressing plates are transferred from file to file as the circumstances warrant and may be used at any time to send mail matter to either one se-

(Continued on page 27)



Equal to the Emergency

A Scotch freighter nosed her way into the East River. She was to discharge part of her cargo at New York and proceed promptly to other ports.

The boat had been at the dock only a few hours when an officer of the law served an attachment on the vessel in behalf of a New York firm which had claim against the vessel's owners.

The ship might be held up for weeks. Delay would mean heavy loss to the owners. Port charges, wages and keep for the crew would pile up expenses rapidly—this in addition to possible damage claims for failure to deliver merchandise on time.

At this point the American Exchange Irving Trust Company came into the picture. A correspondent bank abroad cabled, requesting that the New York bank obtain the release of the steamer.

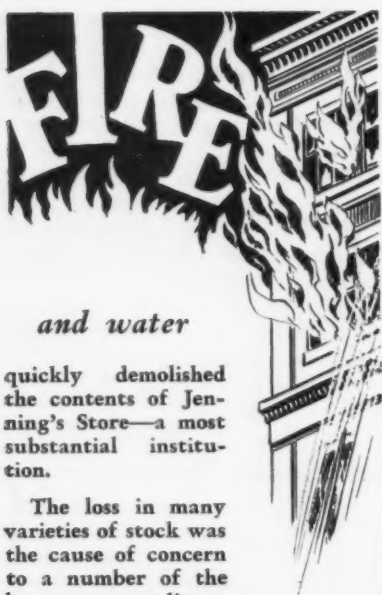
An officer of this Company conferred with the representatives of the libellants and offered to cooperate in such a way that their client would be protected without the necessity of holding the ship. This proposal was accepted at once and the vessel was enabled to sail at the scheduled time. Heavy losses to the ship's owners and to consignees of the cargo were prevented by the prompt action of a wide-awake, resourceful bank.

OUT-OF-TOWN OFFICE

AMERICAN EXCHANGE
IRVING TRUST COMPANY

Woolworth Building, New York

When writing to advertisers, please mention the Credit Monthly



and water

quickly demolished the contents of Jennings' Store—a most substantial institution.

The loss in many varieties of stock was the cause of concern to a number of the larger creditors. These fears were put to rest when it was learned that full fire coverage was carried for their protection.

An enterprising creditor had sometime ago seen to this, and through the recommendations of a NATIONAL LIBERTY Agent an economical schedule had been worked out.

Are you and your debtors protected equally as well?



**National Liberty
Insurance Company
of America.**

Home Office: 709 Sixth Ave.
New York



Over \$74,000,000
Losses Paid Since
Organization.

The "You" Attitude

By R. D. Hall

Dunlop Tire & Rubber Co., Dallas

EVERY word you speak, every deed you do and every act you perform is preceded in your mind by the thought to do it and that thought is generally put there by somebody else.

In our ego, we generally take full credit for having the thought. But suppose an infant should be lost or abandoned on a desert island where it could never come into contact with a home. When it arrived at manhood or womanhood it could not read, talk, write, or even make a boat to escape from the island, since it would have no knowledge of carpentry. About the only aggressive thing it could do would be to eat. Isn't it a reasonable supposition, then, that all we know, all we do and all we are is put into us by somebody else, especially in the beginning.

Assuming this is true, let's consider putting the thought of paying your bill or buying your goods into the other fellow's head, let him perform the act and take full credit for doing so, keeping in mind the other law that he can think of only one thing at a time.

Suppose Bill Jones comes up to you on the street and says, "I feel very badly today. I didn't sleep well last night. This suit of clothes doesn't fit me very well. I have those pains in my stomach again. My feet hurt something awful."

The chances are you would say, "Bill Jones is an awful bore."

On the other hand, let Jones come to you and say, "You certainly are looking good today with that new suit of clothes on. You certainly must be in mighty good health because you look so good. Where do you get that prosperous air?"

Now the chances are that while you realize that it was a little baloney, you would at least be more favorably inclined than you would otherwise be toward Jones and what he had to say.

We all have that in us. So when we are approaching the other fellow with the idea of instilling a thought in his mind, let's take into consideration more of the "you" than the "me" element.

Instead of saying, "I want my money because I have to pay my creditors or my taxes", let's tell him

that it is to his advantage to recognize this obligation since it is a just one, since he used your capital and merchandise to exist on or earn money on.

Apply Sales Ideas

You wouldn't attempt to sell a man a hat or a pair of shoes by telling him you wanted to sell him or that you would like to get the account on your books, or in any way urge him to consummate the deal on the ground that it was to your advantage. You show him that it is to his advantage or benefit to have the article. After he once gets this thought in mind, he is perfectly willing to pay you; after the hat or shoes have been worn, it is up to you to resurrect in his mind the same attitude. In other words, re-sell him in order to get your money.

Nor must it ever be assumed that just because he owes you money, he is a criminal or a crook and should be treated as such. Get his attitude of mind back just as it was when he was deriving the hat's or shoes' advantages.

There is something uncanny about the fact that if you think success and progress and headway, these things will in due time be directed to you as surely as disappointment and failure will come to you if you think these things. If you want to radiate confidence, you have to put confidence into your own mind first. If you want to attract fair play and reciprocity on the part of your customers, you have got to put this into your thoughts first.

If you want to negotiate successfully the steps of selling and then collecting, you have got to think first that you are going to. I have demonstrated this to myself in my own field of endeavor.

You may be assured that if you think the right things, and then put these things into your neighbors' and friends' minds in a clean-cut, manly, righteous way, the reaction you desire is inevitable. Through the act of thinking and conducting your business on a high, fair, reciprocal plane, you will put yourself, your business and your community on that plane.

When writing to advertisers, please mention the Credit Monthly

Collection Tactics

(Continued from page 25)

lected group of customers or all customers at one time.

There are special forms used in the transference of C. O. D. accounts to credit accounts, and also for the transference of credit accounts which have been brought to suit to the Accounts Receivable Suspense ledger. All these inter-departmental advices which have been mentioned, and others as well, are printed on our own multigraph press, a practice which means a big saving to us in printing bills.

Let me mention one more connecting link between this Division and the Sales Division. Every salesman who joins the company's representatives receives at once a letter from the Credit office which he is required to acknowledge and comment on, a letter giving him complete instructions as to the co-operation expected from him with regard to credits and collections, and setting forth the company's credit policies. We want him to understand that his work is not independent of the credit side any more than ours is of sales.

Credit Dept. Mechanics

(Continued from page 18)

us to do the same work with mental ease, quickness and accuracy through the aid of a machine. Adjustment to the machine, however, requires that there be as much regularity as possible in the work of the office. There must be system.

In fact, there is always close relation between system and the use of machines. If you have no regular methods for mail receiving, you can hardly expect to use those time and labor economisers that bring communications promptly to your desk. If the outgoing mail is not uniform and centralized, it means hard work and overtime instead of machine operation and speed. If the shipping department is not properly co-ordinated with the billing department the latter finds burdens that make the best machines for this work seem almost useless.

Of equal importance is the routing of work through the office. Steadiness in the flow of work helps the machine to do its duty and show its worth. Shifting loads make for

(Continued on page 29)

Makes Things

**-Instantly
-Smoothly
-Surely**

**A Jar on Every Desk
Saves Time and Trouble**

SANFORD'S LIBRARY PASTE



Nationalize Your Credits

Can You Watch Your Customers' Accounts

You can check upon your customers' affairs fairly closely, but what possible chance have you of checking upon your customers' customers?

In these days of extremely keen competition with the consequent narrow margin of profit, it is not at all unusual for an apparently solid high grade account to collapse for reasons far beyond its control.

There is only one way that you can guard against such a catastrophe. A *National Policy of Credit Insurance* is an absolute guarantee by the World's Largest Surety Company to prevent, else pay, credit losses.

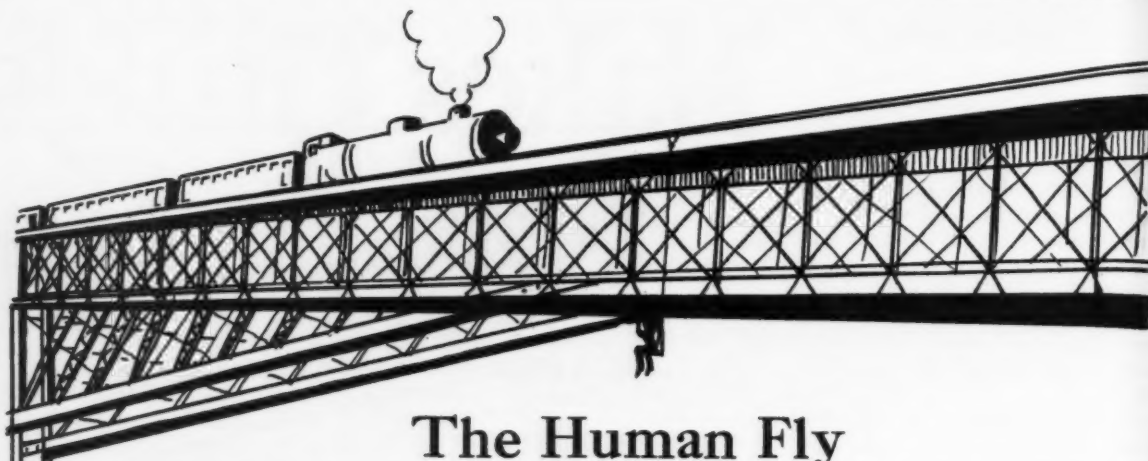
National Surety Company

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The Human Fly

EIGHT thousand dollars in advance for one day's work, plus a ticket for an ocean voyage seems an unjustified extension of credit. But when Samuel E. Wright, expert steeplejack, accepted the proposition made him by a Chilean railroad and started for South America, he took it quite as a matter of course. It seems that first-class human flies are accustomed to receive from 75 to 100 per cent. credit advances for difficult jobs.

"The railroad officials wanted me to replace a bolt that had weakened in the center of an important bridge," Wright explained. The faulty bolt elevated a portion of a rail which crossed the bridge. The construction of the bridge had cost millions; yet this one bolt made it practically useless."

It was a job no ordinary steeplejack could undertake. Several hundred feet below the bridge flowed a raging mountain stream; and the human fly who could worm his way along the under part of the bridge to replace the bolt beneath the joint of the rail must risk his life.

Wright recognized this when he contracted to attempt the job for \$8,000 in advance. He knew that he must prepare elaborate safety equipment fashioned from the best of materials. A faulty rope or a misplaced foothold would mean certain death to a human fly who clung underneath that bridge. Even with the most careful preparations there was an even chance that part of the \$8,000 would go in the immediate future to funeral expenses. But taking risks had long been everyday routine for him.

With special pulleys, safety belts and a steel boat-swain's chair he arrived in Chili. For eight hours he hung from the under side of the bridge and crawled along the underpinnings 200 feet above the rocky stream that raced beneath. Before sunset he had pulled out the faulty bolt and welded in the new one, and had made the million dollar bridge safe for traffic. Once more he had risked his life and justified the railroad's cash risk of \$8,000.

"Each job requires special equipment," explained Wright who, having retired from the practice of his dangerous profession, is willing to reveal trade secrets. "The cost of ropes, pulleys and special safety contrivances is high. We have therefore made a practice of demanding a substantial credit advance for difficult jobs.

Past Performance Record

"How can employers know that we'll deliver the goods? They can't know for a certainty; their security is confidence in our ability. They risk money; we risk our lives. The credit is extended on the basis of past performances. We contract to do the job or literally die in the attempt. I'm proud to say I have never failed to justify the credit extended to me."

Sam Wright was born in a small town near Chicago where he and his brother Bill, were known as "the Dare-devils". The stunts they performed on the ridge of a barn roof thrilled the other children of the community. So when it became necessary to choose a profession, they took up high scaffold work and later went in business for themselves.

"When it came to storm work, we raised our prices and asked for larger credit," said Wright. "The biggest dangers of bad weather are cramps. A bad case of cramps may incapacitate a steeplejack's arms and legs.

"Once we drew \$1,500 in advance for contracting to rescue an angora pussy cat. It was a stormy day in January; an 80-mile gale was blowing and the driving sleet was cruel. A call came from a wealthy Chicago woman whose prize Angora had crawled out on the ledge of the 27th floor of an apartment house. The cat, frightened by the storm, was unable to move and would freeze to death in a few hours, the woman said.

"In the bitter cold and rain it seemed like suicide to attempt the rescue; but we took the check for \$1,500 and mounted to the roof of the apartment house. We dropped a rope, and my brother slid down. As he approached the 27th floor I swung the rope in. He reached out, seized the cat from the narrow ledge and slid to the ground. The job took about five minutes; but when he reached the ground his arms and legs were knotted in cramps.

A Narrow Escape

"Each new performance strengthened our credit and soon our services were in demand all over the world. To be sure we had narrow escapes. One of our narrowest was on a 340-foot smoke stack in Chicago", continued Wright, explaining why the expert human fly who risks his life deserves credit extensions from those who employ him. "The stack was held by iron girders that ran across an alley to the People's Gas Building some 60 feet away. As I crawled across one of these beams with my paint brush and bucket in one hand, I heard a sharp crack like the report of a gun. The end of the beam was breaking away from the side of the building. Return was impossible; yet if I did not take my weight off the girder, I knew it would crash to the ground taking with it my brother and the other human flies who were working on it. The only chance for escape was a window seven feet to the west of the beam and four feet higher. I dropped my paint brush and bucket and leaped for the window. By lucky chance I was able to grasp the sill and held on until the people in the office, mostly stenographers, could pull me to safety. Ten minutes later I was back on the job.

"A 250-foot church steeple in Chicago made me a lot of trouble once. The cross of the spire was bent and was in danger of crashing through the roof of a building many feet below. The only way the job could be done was for the steeplejack to place one foot on a narrow rim and by means of a heavy counter-weight, bend the cross back into place. The fact that a 60-mile gale was blowing complicated matters. Still, to prevent disaster, the work had to be done immediately. Gripping my slender support, I stepped up on the rim and did the job. Then I shinned down the spire to the comparative safety of the roof ridge—and was extremely glad to get there. For even a human fly can not be sure what a 60-mile gale will do to him.

"The expert steeplejack is in a position to dictate terms", Wright pointed out. "He is usually called in to tackle jobs that no one else in that part of the country is equipped to do. He must be an inventor and mechanic as well as a daredevil; for the safety device that is efficient on one job will be of no help on another. Because of the study and financial outlay that must precede the actual work on a bridge, smoke stack or steeple, and because of the risk, the human fly asks and receives substantial credit advances. His record of successful past performance is the security."

R. A. Millard.

Credit Dept. Mechanics

(Continued from page 27)

costly operations even with the machine and speed itself does not materialize.

To sum up, the machine decreases physical labor on the part of the executive, but it increases the need for sound thinking and planning. It minimizes the value of detailed tasks but it intensifies the importance of a thoroughly trained office force and a well ordered system for carrying out the work of the day.

The Credit Manager must of necessity take his place in the councils of the organization as a competent advisor on the mechanics of office practice. To fulfill his duties fully and to obtain the position he deserves in the management circle he must be thoroughly competent to aid in the formation of correct credit policies. But he must also possess the skill to build up those methods for detailed execution which will put those policies into action promptly and economically.

Credits on S. W. Trails

(Continued from page 20)

have arisen.

These problems were serious; and the credit men of the Southwest saw years ago that a strong organization was needed to solve them. Early in 1919 the necessary organization was established in El Paso by T. E. Blanchard of Dallas, who was here seeking health lost through tubercular trouble. He died in the prime of life, but not until he had built, firm and lasting, the structure of a credit association to serve the entire Southwest and to perpetuate his lofty ideals of making credit relations safer and better.

His successors have maintained his standards and have even enlarged the scope of his work, so that the Tri-State Association of Credit Men today stands alert and fully equipped to deal with the changing problems of our credit structure.

Every department — adjustment, credit interchange, business service and collection—is manned by a capable, experienced staff. Good team work within the association personnel produces good results.

We take great pride in the high returns made to creditors in matters handled by our adjustment bureau; and these matters cover every field from corner grocery stores to dubious lead mines.

Often we fail to heed clear warnings, but our Interchange Bureau supplies them in the shape of complete ledger clearances and accurate financial statements. We are particularly proud of the results our association has accomplished in bolstering up tottering establishments, preventing failures by applying

skilled supervision and getting the co-operation of interested creditors.

I have omitted comment on another vital factor in our industrial life. This is our trade with Mexico. A fairly wide circle with El Paso as the center would include a large area in the neighbor Republic where the language, trade customs and market conditions are wholly different from ours. Our trade south of the Rio Grande is vastly important,—its credit problems unique, but to tell of them would make another story too long to recount here.

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Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

AHLBORN, THEODORE, formerly connected with Sectional Cottage Co., 4114 No. Rockwell St., and 77 West Washington St., Chicago, Ill.
ARVESON, NILES B., Service Station, formerly Fuller & Arveson, 8700 Queens Blvd., Jamaica, L. I. and 8717 Elliott Ave., Corona, L. I.
ASKIN, HECKIE W., Evelyn Shoppe, 732 - 11th St., N. W., Washington, D. C.
BAGLEY, E. J., 459 No. Quincy St., Brockton, Mass.
BEAUDOIN, D. J., 76 Furnace St., Danielson, Conn.
BERMAN, JACOB J., 59th St. and 8th Ave., Brooklyn, N. Y.
BLANCK (NED) & HOSCH (SAMUEL), traded under the name of the Knickerbocker Shirt Co., formerly located at 99 Madison Ave., N. Y. C.
BOSTEDER, W. H., operating under name of Palm Pen & Pencil Co., 2629 W. 8th St., Los Angeles, Calif.
BOURKE, JOSEPH, formerly of 8044 Twelfth St., Detroit, Mich.
BOWICK, W. C., formerly owner of the Paragon Typesetting Co., 622 W. Lake St., Chicago. Last home address, 4247 Broadway, Chicago. Presumed to be employed in printing concern on the south side of Chicago.
BROWN, GEORGE D., formerly in business at 431 S. Dearborn St., Chicago, Ill. Last heard from in Miami, Florida.
BROWN, RUSSELL W., formerly of R. W. Brown, Inc., 628 Degraw St. and 673 Dean St., Brooklyn, N. Y.
BUCHSBAUM, ALEXANDER, prop. Park Hardware Co., 215 No. Main St., Scranton, Pa.
BUSCHMAN, C. F., formerly Tampa, Fla. Believed to have gone to Chicago.
BUSS, PAUL, 421 Bushwick Ave., Brooklyn, N. Y.
CARDELLA, DANIEL, Atlas Caulking Co., formerly located at 50 Court St., Brooklyn, N. Y.
CARLSON, JOHN, formerly located at 92-12 Hunt St., Corona, N. Y.
CARLSON, SVEN, formerly of Winter, Wis.
CARTER, J. EUGENE, Box 183, Greenville, S. C.
CASTLE, C. L., proprietor, K. C. Furniture Company, Seminole, Okla., later at Shawnee, Okla.
CAVE, E. W., formerly of Appleton, Minn.
COEN, W. H., formerly of Morristown, S. D.
CONKLING, CHAS. R., South Buch St., Hempstead Gardens, L. I., N. Y.
CONSUMERS SERVICE OIL COMPANY, formerly located in Kansas City.
CORRELL, A. M., a blacksmith, formerly located at 122 South Fifth St., Indiana, Pa.
DE VILCHEZ, CHARLES, engaged in Miami in painting contracting business, lived at 1451 S. W. 1st St., has moved to New York.
DUNPER, D., Midland Country Club, Kewanee, Illinois.
EISNER, H. L., formerly connected with the H. L. Eisner Trunk Co., 225 St. Clair Ave., N. W., Cleveland, O.
ERICKSON, CARL, formerly of Superior, Wis.
FERRIS, GEO. H., formerly of Chappell Plumbing & Heating Co., Chappell, Nebr.
FLOYD, CHAS. E., Blacksmith, formerly located at Jane Lew, W. Va.
FORTE, JOHN, formerly lived at 327 Livonia Ave., Brooklyn, N. Y.
FRANKEL, M. J., 15409 Greenlawn Ave., Detroit, Mich.
FULLER, CLAIRE (MISS), 34 W. 51st St., New York City, later Lake George, N. Y.
GARVER, J. E., formerly of New Rockford, N. D.
GELLER, SAMUEL, partner of Feifer & Geller, underwear business at 307 W. 38th St., N. Y. C. Later mfr. women's coats.
GOLDSMITH, JERRY, formerly at 1000 Euclid Ave., Cleveland, Ohio.
GORMAN, J. J., formerly Radio business in Los Angeles, Calif.
HAMILTON, BENJ. J., formerly operated Peninsular Tent & Awning Co., 326 E. 18th St., Jacksonville, Fla.
HARTMANN, DR. W. W., formerly of 644 Diversey Ave., Chicago, now presumed to have moved to Calif.
HARTSOCK, J. V., business—new and used furniture, 870 S. Main St., Akron, O.
HAUFF, JOHN, formerly of Drake, N. Dak.
HAWK, JOHN, formerly of Letcher, S. D.
HEINER, LAWRENCE, formerly of Manly, Iowa.
HIRSCHHORN, ABRAHAM, 584 - 3rd Ave., later at 140 W. 42nd St., Room 1181, being connected there with Hibert Products Co.

HOCKMAN, JOE, business—new and used furniture, 230 So. Main St., Akron, O.
HOGAN, F. D., former salesman, 845 N. Grant Ave., Columbus, O.
HORNE, W. HILL, Greenville, N. C., connected with the Horne-Staton Drug Co.
HOUGHTON, GEORGE, formerly of Gladstone, Michigan, moved to either Milwaukee or Chicago.
INDIA COMPANY, operated by a (so-called) Hindu has been in Providence, New Bedford and Rochester. Last address 19 St. Germain St., Boston, Mass., deals in cosmetics.
JAYAN MFG. CO., formerly at 305 Seventh Ave., 144 Lexington Ave., 13 W. 17th St., N. Y. C.
JOHNSON, ED., formerly of New Hampton, Iowa and Charles City, Iowa.
KOHLMIER, W. L., formerly of Mahanoma, Minn.
LAMBERT, (LOUIS) and SCHRAM, (SAMUEL), 808-808 Westchester Ave., N. Y. C., formerly operated Bryant Garage, 421 E. 93rd St., N. Y. C. and Schram Laundry, 2390 Amsterdam Ave., N. Y. C.
LARSON, A. J., formerly of Oakes, N. Dak.
LEE, FRANK L., formerly of Stillwater, Minn.
LEOPOLD, WALTER J., formerly doing business as Leopold & Co. (disinfectants and soap), 1111 North 5th St., Springfield, Ill.
LEVINSON, A. O., formerly at 318 So. Franklin St., Chicago, Ill.
LEWIS, C. B., Stamford, Conn., formerly with the Fairfield Piggy Wiggly, as manager.
McDERMOTT & REEVES, formerly Earl Heights, Portland, Oregon.
MESSER, W. H., Conducted as general store at Jenkins, Kentucky, in 1926.
MILSTEN, EDWARD, formerly at 1221 Madison Ave., S. E., Grand Rapids, Mich.
MELLER, E. H., formerly located at Duquoin, Ill., later at Terre Haute, Ind., Moulas, Ky., operated trucks in connection with road contracts.
MOSKOWITZ, HARRY, formerly of 722 S. State St., and 2041 Ogden Blvd., Chicago, Ill.
NELSON, (BEN S.) and TAYLOR, (ROY W.), Lighting Equipment Co., formerly at 339 S. Wabash Ave., Chicago, Ill.
OLIVER, RALPH W., formerly manager of Bon-Ol Co., distributors of cosmetics. Last address was 19 North Clark St., Chicago.
PALACE CONFECTIONERY, 603 Edgmont Ave., Chester, Pa. (Geo. Dakes & John Lewis, Props.)
PESMENSKY, ALEXANDER, operating as Diamond Roofing Co., 720 N. Ashland Ave., Chicago, Ill.
RAPPAPORT, W. A., formerly operating 313 Lafayette St., N. Y. C. Former home address, 1429 Carroll St., Brooklyn, N. Y.
RIPLEY, R. J., formerly of Mankato, Minn.
ROEMER, E. B., Roemer & Co., Zanesville, O. Left for some point in the West.
ROSE, E. D., formerly of Littlefork, Minn.
SCHLANGER, HARRY and MORRIS, 123 - 3rd Ave., Brooklyn, N. Y., formerly of Shamokin, Pa.
SCHUSTER, JOHN, a blacksmith formerly located at New Waterford, O.
SCHWIMMER, MAX, Trade name, Matt Casey, 105 E. 12th St., Kansas City, Missouri.
SEGALOFF, (JOSEPH) and EISNER, (LOUIS), trading as Joseph Segaloff, formerly 457 S. Broad St., Trenton, N. J.
SNYDER, L. G., formerly operated Louisville Transport Co., Inter-Southern Bldg., Louisville, Ky.
WALTHAM & BREWER, formerly Orlando, Fla.
WESTERN RADIO SUPPLY CO., Elgin, Ill.
WESTREICH, I., 404 Grand St., N. Y. C.
WOLF, JOSEPH, trading as J. Wolf, Mfg. Co., formerly 538 Hudson Ave., West New York, N. J.
ZDUNEK, FRANK, formerly of 3538 Kantor St., Detroit, Mich.

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Picturesque Tacoma

(Continued from page 21)

see in Tacoma, but a visit to the city is never complete without seeing the three fresh water lakes near the southern city limits—American, Steilacoom and Gravelly. Spacious mansions and magnificent residences have made these lakes the center of Tacoma's finest residence district.

Many of the visiting delegates will be interested in industrial Tacoma, and no doubt opportunity will be taken to see some of the large lumber mills which have made Tacoma famous as the lumber capital of America.

Gateway to Rainier

Tacoma is the gateway to Rainier National Park. An entrancing drive over 56 miles of splendid paved highway through fertile valleys and wooded hills and the entrance of Rainier National Park is reached, and here opens a glorious playground of spectacular glaciers, gorgeous wild flowers, boundless snow fields and primitive forests. After passing through the entrance the road goes through a region of grandeur to a height of 5,557 feet above sea level, where amid superb scenery, on the slopes of the mountain known in Tacoma as Mount Tacoma—geographically known as "Mount Rainier,"—is Paradise Inn. Here in an atmosphere of unrestrained freedom one is privileged to delight in the comforts of a modern hotel. Trips can be taken to 28 glaciers, and winter sports can be enjoyed during the hottest summer months. It is difficult to conceive of anything more appealing to the vacationist than Mount Tacoma rising to a height of 14,408 feet, glaciers imperceptibly moving down the slope in their canyons, and a Paradise Valley with flowers of every hue growing through the snows.

The one week of the convention will be found only too short to enjoy thoroughly the scenic resources of the Puget Sound country, and between convention sessions the multiplicity of outdoor attractions will beckon so strongly that the visitor will be almost bewildered, so that it will be possible only to visit the more important centers and scenic attractions.

This will naturally include Tacoma, and delegates who visit the city will remember for a long time the combination of industrial activity, scenic beauty and hospitality.

All delegates making the trip to "The Mountain" will be entertained at luncheon as guests of the Tacoma Association of Credit Men on Saturday, June 16, the day following the convention, and a most enjoyable time is assured. Watch for the Rainier National Park Booth at the convention.

Financial Troubles

"YOU say financial troubles brought you here?" asked the hospital visitor, (according to the Furniture World). "Why, that's hardly possible!"

"It's a fact, though," retorted the patient. "I was crossing to the other side of the street to avoid one of my creditors and saw another creditor on the other side. While I was trying to escape, a car hit me."

At least one delinquent figured that the hospital was a better retreat than the jail.

Business Sagacity

Good common sense is just another mark of *understanding*. It is not rare in business. Only is it *uncommon* when it is so good that it is prophetic. But then it drops its maiden name and business knows it as Sagacity. Its ready, far-reaching, accurate inference from observed facts and figures, is a dependable power. It visions the human motives in conduct, and foresees results. With Integrity it is the most valuable of all human qualities in business.

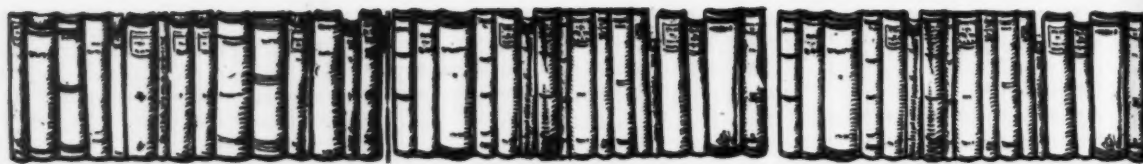
Once, Sagacity considered itself a special gift of Providence—an inheritance from the family "Sage" tree, and only those who dropped therefrom had it.

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The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

The Story of American Industry

AN INTRODUCTION TO AMERICAN ECONOMIC HISTORY. Walter W. Jennings. Thomas Y. Crowell Company, N. Y. 1928. 546 pp. \$3.

Dr. Jennings' "History of Economic Progress in the United States" was reviewed in this department of the Credit Monthly in the issue for April, 1926. This was a book of 836 pages. The new volume covers the same ground and is in a sense an abridgment of the earlier work, but approaches the subject from a different point of view and by the topical rather than the chronological method.

There are seventeen chapters, four maps and an even hundred statistical charts. The initial chapter deals with exploration and settlement and the second with the territorial expansion which followed the revolution. Dr. Jennings then discusses, successively, population growth, immigration, agriculture and animal life, and the general development of manufactures. Special chapters are devoted to the tariff, combinations and trusts, labor problems, lumbering, mining, the merchant marine, fishing and trapping, transportation facilities, domestic commerce and money and banking.

One of the most useful chapters is the concluding one, on money and banking. The general topics treated are: commodity money, paper issues, coinage laws, the silver struggle and the adoption of the gold standard, banking, panics, war finance, and receipts and expenditures. It is interesting to be reminded of the many commodities that have been, within the historical period, used for money. They include cocoa beans, salt, silk, furs, tobacco, dried fish, wheat, rice, olive oil, coconut oil, cotton cloth, cowry shells, iron copper, platinum, nickel, silver, and gold. A North Carolina law of 1715 provided for the acceptance of the following legal tender commodities at stipulated rates: corn, tallow, beaver skins, butter, raw and dressed buck and doe skins, feathers, pitch, pork, tobacco, wheat, leather, cheese, tar, whale oil and beef.

The account of the coinage laws leads

up to the early history of banking, and then on down to the National Banking Act and finally the Federal Reserve Act. Reference is made to the McFadden-Pepper Act, passed in 1927 after a contest of several years. This Act, in the passage of which the National Association of Credit Men played such an important part, granted charters of indeterminate length to Federal Reserve Banks, allowed national banks to make loans on improved urban real estate for five years in place of one as formerly, extended the powers of the national banks in dealing with investment securities, and gave authority to national banks to establish a limited number of branches in the city, town or county of the parent bank if the state in which that unit is located allows branch banking to state institutions.

Dr. Jennings' earlier and longer treatise gained many friends. But it will probably never reach the circulation that is possible for this compact, well organized and thoroughly readable story of our economic origins and development. The book is well designed for use in junior colleges, but its greatest value will doubtless be to the army of general readers who want to know something about our economic evolution but are unwilling to wade through endless chaff in order to sift out a few grains of wheat.

A Credit Instrument

THE LAW OF BILLS OF LADING. Ernest W. Hotchkiss. Ronald Press Co., N. Y. 1928. 287 pp. \$5.

Bills of lading have four distinct functions, or, as Mr. Hotchkiss calls them, "offices." They are at once (1) a receipt, (2) a contract, and when made to order are also (3) documents of title, and (4) instruments of credit.

All bills of lading issued by any common carrier should embody within their written or printed terms:

1. The date of issue.
2. The name of the person from whom the goods have been received.
3. The place where the goods have been received.
4. The place to which the goods are to be transported.

5. A statement whether the goods received will be delivered to a specified person, or to the order of a specified person.

6. A description of the goods or of the packages containing them which may, however, be in general terms.

7. The signature of the carrier.

Many shippers use forms of bills of lading especially printed for their own shipments. These forms follow the requirements of the uniform bill of lading, as the printed form and the conditions are the same as those upon the blank forms issued by the carriers. The bill, however, is not complete and will not vest any rights in the holder, to any goods described, until it is signed as a receipt by an authorized agent of the carrier. Until the bill is properly signed by the carrier, it is not a receipt nor is it a contract, and therefore is not a bill of lading. It is, therefore, important that the bill of lading be properly signed by an authorized agent of the carrier who has received property for transportation.

The foregoing paragraphs will suffice to indicate the general nature of the information contained in this book by Ernest W. Hotchkiss, who is a member of the Michigan Bar, Assistant Treasurer of the Grand Trunk Railway System, Chairman of the Railway Treasury Officers Association's committee on bills of lading, and lecturer on transportation finance at the University of Detroit.

Chapter VII on "Stoppage in Transit" and Chapter X, which discusses the bill of lading as an instrument of credit, will be of particular interest to credit executives. Part II, comprising three chapters on export bills of lading, contains material which will be valuable to exporters. The appendices offer, in about 140 pages, a number of bill of lading forms and the text of several important statutes, including the Interstate Commerce Act, the Harter Act, and the British Act of 1924 covering the carriage of goods by sea.

As there has been created, during recent years, a considerable body of law relating to bills of lading, which can be found only

by a careful study of many volumes, there is obviously a need for such a compendium as this. It will be welcomed by credit managers and other business executives, traffic managers, officials of railways and banks, and by all whose duties involve familiarity with and use of transportation contracts.

Business in Germany

GERMAN COMMERCE YEARBOOK—1928.
Edited by Dr. H. Kuhnert. B. Wasserman Co.,
Inc., N. Y. 1928. 375 pp. \$5.

Exporters and importers who do business with German concerns will find in this Yearbook valuable facts and figures concerning the outstanding German industries. The text is in English but the book was printed in Germany.

There are three general divisions of the text. Part I deals with important matters of a general nature: the development of business relations between the United States and Germany; the laws and treaties on which such relations are based; the inner structure of the German economic system; and the significance of such institutions as the "Amerika-Institut" of Berlin.

Part II is devoted to the institutions and facilities which are concerned in Germany's exchanges with the rest of Europe and with other countries: the German State Railway Company, the postal service, ocean shipping and traffic in the air. This part ends with an account of the organization of tourist traffic in Germany.

Part III deals with the past, present and future of Germany's economy, with special attention to relations with the United States. Special articles, written by industrial experts, cover a number of fields, including potash, machinery, cutlery, optical goods, metalware, leather, ceramics and chemistry, paints and varnish, paper, the textiles, motion picture films, chocolate and toys. The order in which these subjects are presented corresponds to that adopted in the organization plan of the Reichsverband der deutschen Industrie (National Association of German Industries).

This book gives indisputable proof of something which is well known to our discerning business observers but is by no means fully grasped by the man on the street—the fact that Germany is coming back industrially and commercially at a very rapid rate. As Dr. Stresemann asserts in the Introduction which he contributes to the volume, since the stabilization of the currency Germany has formed such close contacts with the United States in trade, industry and finance that there is now a widespread belief among American business leaders that the vitals of German industry are still unimpaired.

As to travel, Dr. Kuhnert, general editor of the Yearbook, makes it entirely clear that Germany wants foreign visitors, and particularly Americans. Travel in Ger-

many, he says, is safe, comfortable and cheap. The leading German hotels are in good conditions. "Americans," Dr. Kuhnert declares, "will always be welcome, and we think that they will find themselves to be in congenial and comfortable surroundings."

Germany has made, during the past five years, a careful study of the important factors in America's industrial success. This book will help to tell the story of how Germany is applying to her own industrial problems the principles that have been so well learned here by her technical and financial specialists.

The Puzzle of Prosperity

AMERICAN PROSPERITY—ITS CAUSES AND CONSEQUENCES. Paul M. Mazur. Viking Press, N. Y. 1928. 298 pp. \$2.50.

Although the publishers of this book possibly go a bit too far in calling it "A Bible for Modern Business," the problems discussed therein are worth the careful thought of all Americans whose intelligence grades above the tabloid level.

The author admits at the start that fault may be found with his title. The socially minded, he admits, are likely to shake their heads in violent disapproval. "How," they

(Continued on page 34)

FAILURES Greater Than In 1927

Failures for the first quarter of 1928 were 6.2 per cent greater than for the first quarter of 1927. There were 2236 failures in March of this year, as against 2142 for March 1927.

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The Business Library

(Continued from page 33)

will ask, "can you speak of prosperity when the miners are having such a hard time of it?" The answer to this is that in spite of possible negative votes from the miners, the textile manufacturers and the farmers, the fact remains that the total income of the nation is greater than it has been at any time in the past.

American business, we are told, is a strange and marvelous creation. Growing up from the simple job of filling local needs, industry has become a task-master who exacts of the consumer an increasing market for products which the consumer must often be taught to desire. Mass production required the services of high-pressure distribution, and from this need sprang the mechanism of advertising and salesmanship that is so characteristically American.

Mr. Mazur calls attention to certain elements which now threaten to throw sand into the gear-box of this complicated mechanism. As the hunt for markets becomes more and more frantic, the costs of

high-power distribution are beginning to offset the economies of mass production. Another threat comes from the current practice of hand-to-mouth buying, which is largely a result of rapid style changes. The third danger which the author sees is the European trade balance. For years we had a surplus of exports over imports, but all this time Europe was our creditor, so that our exports merely helped to balance our debts. Now the situation is reversed. We are a creditor nation, and still our export surplus continues. What are we going to do about it?

The defense against the first danger, the author suggests, is not to abandon high-cost distribution but rather to put faith in the rapidly developing agency of scientific merchandising, the intelligent link between production and distribution which adjusts them to each other's needs. The defense against hand-to-mouth buying is also found in merchandising, reinforced by two other weapons—consumer loyalty and consolidation.

The solution of the third problem—European competition—is not so clearly indicated. But as long as the consumption powers of America can be expanded, says Mr. Mazur, American industry is safe. America cannot live in the false belief that she is isolated. European conditions are certain to affect both American industry and consumer. The exact effect cannot be foretold. That it will be significant seems certain; that it will be serious seems possible; but that it will be disastrous seems incredible.

In Re Cathay

CHINESE POLITICAL THOUGHT. Elbert D. Thomas and Edward T. Williams. Prentice-Hall, Inc., N. Y. 1927. 317 pp. \$5.

Attempted solutions of the Chinese puzzle are particularly timely just now, when not one in a hundred of us understands what is going on in China. The authors of this book are outstanding authorities on affairs in the Far East, Dr. Thomas being professor of political science and formerly professor of Oriental culture in the University of Utah, and Dr. Williams professor of Oriental languages and literature in the University of California. Dr. Williams was also formerly American Charge D'Affaires at Peking and recently Chief of the Division of Far Eastern Affairs in the Department of State.

"Chinese Political Thought" is essentially a study of the theories of the principal thinkers of the Chou Dynasty. This was the longest Dynasty in Chinese history, having a spread of about 900 years. During this period many interesting theories and practices were tested out, and standards were created which have persisted down to the present day.

The introductory chapter begins with a reference to Voltaire's famous "Conversation with a Chinese," and closes with the

(Continued on page 37)

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No. 47



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DECISIONS

Right of Trustee in Bankruptcy to Cash Surrender Value of Insurance Policies Under New York Statute

The New York Insurance Law was amended in 1927 by the addition of Section 55 (a) reading as follows:

"If a policy of insurance, whether heretofore or hereafter issued, is effected by any person on his own life or on another life, in favor of a person other than himself, or except in cases of a transfer with intent to defraud creditors, if a policy of life insurance is assigned or in any way made payable to any such person, the lawful beneficiary or assignee thereof, other than the insured or the person so effecting such insurance, or his executors or administrators, shall be entitled to its proceeds and avails against the creditors and representatives of the insured and of the person effecting the same, whether or not the right to change the beneficiary is reserved or permitted, and whether or not the policy is made payable to the person whose life is insured if the beneficiary or assignee shall predecease such person; provided, that subject to the statute of limitations, the amount of any premiums for said insurance paid with intent to defraud creditors, with interest thereon shall enure to their benefit from the proceeds of the policy; but the company issuing the policy shall be discharged of all liability thereon by payment of its proceeds in accordance with its terms, unless before such payment the company shall have written notice, by or in behalf of a creditor, of a claim to recover for transfer made or premiums paid with intent to defraud creditors, with specification of the amount claimed.

Interpreting this section, Referee McDonald on April 14th, 1928, handed down a decision in the case entitled: In the Matter of Morris Messenger, trading as Diener & Co., Bankrupt, U. S. District Court for the Eastern District of New York, in which he held that a bankrupt's insurance policies payable to his wife as beneficiary, with power of revocation reserved, are exempt and do not pass to the trustee in bankruptcy as an asset of the estate.

A petition to review the decision of the Referee has been filed in the United States District Court and the outcome of the case will be awaited with interest by creditors and attorneys throughout the state.

Banking and Banks

NOTES

Held that a bank had a right to sell a note, notwithstanding its maker was dead and it was past due, and also, as an inci-

dent of the sale, to transfer the collateral to the purchaser. One who, after death of the maker of a note and after maturity thereof, indorsed the note and executed a renewal note, was not a stranger thereto, but made himself liable thereon to payee by such indorsement and execution of the renewal note; and he became a guarantor of the payment of the original note to payee. In order that guarantor may be subrogated to the rights of the creditor upon payment of the debt, such payment must be made at a time when the guarantor is legally required to make it. *Briscol vs. American Southern Trust Co. Sup. Ct. Ark. D. April 2, 1928.*

NOTES

Held that where a note is executed by a number of persons for the benefit of a corporation as an accommodation for said corporation and some of the signers of the said notes are compromised with and released from liability, upon adequate consideration, such compromise does not release the other signers of the note, but only entitles them to have the pro rata shares of the liability which such released ones bear to the total obligation credited upon the note. *Yazoo Delta Mortgage Co. vs. Harlow Sup. Ct. Miss. D. April 2, 1928.*

NOTES

Held, among other things, that it is a well recognized rule of law that a renewal to a definite date, coupled with an agreement, express or implied, to pay interest to such definite date is supported by a consideration, and, if made with the maker, is binding on the holder and releases the endorser, he not being a party to such extension agreement. In this case, appelle, the holder, demanded that the notes be paid "by that time" and not "at that time". The maker therefore had the right to pay before "that time" and stop interest. In other words, he was not bound by the extension. This being the case, certainly the holder was not bound. *Kirby vs. Amer. State Bk. of Amarillo. Ct. Civ. Appeals. Texas. D. Mar. 3, 1928.*

Bankruptcy and Insolvency

LEASES

Held that if bankrupt's lease of the property was in existence at the time that proceedings in bankruptcy were instituted, it is clear that the lease was an asset which passed to the trustee in bankruptcy with the right to sell it for the benefit of the bankrupt estate, if it had any value irrespective of any condition against subletting in the lease. *Armour & Co. vs. Callahan, U. S. C. C. A. 4th Cir. (W. Va.) D. April 10, 1928.*

FRAUD. RECLAMATION

Appeal from order directing that the trustee in bankruptcy of the Baltimore Shoe House, Inc., return to petitioner, the Ohio Shoe Company, certain shoes in his possession as trustee. Return of the shoes was asked on the ground that bankrupt had obtained them by fraud and false representations as to its financial condition, that petitioner elected to rescind the sale on that account and that the goods could be readily identified, being intact in the warehouse of the bankrupt. Held that the law applicable to the case seems well settled. Where goods are obtained by fraud of the bankrupt, the seller may rescind the contract of sale and reclaim them if he can identify them in the hands of the trustee. Order affirmed. *Manly vs. Ohio Shoe Co. U. S. C. C. A. 4th Cir. (Md.) D. April 10, 1928.*

RECLAMATION

Appeal by Reliance Shoe Company from a decree refusing to permit it to reclaim certain shoes in possession of the Trustee in Bankruptcy of Eichengreen and Adler, bankrupts. Held that no right was reserved to the shoe company to accept the unsold merchandise and terminate the contract. The bankrupt was required at all events to pay the shoe company the invoice price of the shoes either in cash, or in the event the merchandise was returned and sold at a less price, the bankrupt was required to pay the difference. The same practical result obtained in the event of bankruptcy or failure of the bankrupt. There was no reservation of title except for the purpose of securing the debt. The contract cannot under such circumstances be a contract of consignment. Decree affirmed. *Reliance Shoe Co. vs. Manly U. S. C. C. A. 4th Cir. (Md.) D. April 10, 1928.*

Sales

WARRANTY

The rule that, in a sale of manufactured goods, where there is no opportunity for inspection by the purchaser, there is an implied warranty that the articles sold are merchantable and reasonably fit for the purpose for which they are intended, does not apply where the purchaser demands a specified article and it is shipped direct from the manufacturer to the purchaser. Held that a local dealer to whom an order for fuse was given, and who supplied same in a shipment direct from the manufacturer to the purchaser, the local dealer not having same in stock, could not be held as an implied warrantor of the quality of the fuse and its fitness for the purpose for which it was intended. *Crow vs. Fones Bros. Hardware Co. Sup. Ct. Ark. D. April 9, 1928.*

STATUTE OF FRAUDS

Held that where a party orally promises to pay for goods furnished another, and the credit is extended to the promisor, the oral contract does not fall within the statute of frauds. If the agreement, however, was that he should only be collaterally liable and pay only in case of default of the party to whom the goods were furnished and to whom credit was extended, then such oral contract falls within the statute of frauds and is void. *Gravelle vs. Pollock Stores Co. Supt. Ct. Okla. D. April 3, 1928.*

* * *

WHEN NOT BINDING

The sufficiency of the signature of the vendor to the conditional sales contract was the only question raised upon the trial below, and the only question now presented. The person signing as salesman is not shown to be an officer or general agent of the vendor, and the contract itself specifically provides that it is subject to approval at the office of the vendor at Chicago, Illinois. The blank space was left below the signature at the bottom of the contract to be signed, when accepted, by some authorized person on behalf of the vendor at Chicago, Illinois. It never was so signed. Held that the conditional sales contract was void. *State ex rel Yates-American Co. vs. Superior Court. Sup. Ct. Wash. Dept. 2. D. April 2, 1928.*

* * *

CONDITIONAL SALES CONTRACTS

Held that a written contract in the form of a lease, containing a clause granting the privilege to purchase, if it appears from the whole contract and the circumstances surrounding its execution that the payments designated therein as rent are in fact payments on the purchase price, which purchase price is designated in the contract, possession of said property being delivered to the vendee at the time of the execution, is not a lease, but conditional sale, and unless recorded is void against subsequent purchasers or incumbrances in good faith and for value. *Phelan vs. Stock Yards Bank. Sup. Ct. Okla. D. Mar. 20, 1928.*

* * *

WARRANTIES

Held that when an article is sold by a trade name there is no implied warranty as to its fitness for any particular purpose. But there is an implied condition of the "merchantability of the goods according to such trade name". The jury could have found that defendant knew plaintiff was buying the goods for resale and that plaintiff relied on the skill of defendant as manufacturer of the radio sets. Exceptance to defendant's motion for directed verdict on the first and second counts sustained. Judgment on verdict for Plaintiff on third count. *Raymond Syndicate Inc. vs. American Radio & Research Corp. Sup. Jud. Ct. Mass. D. Mar. 22, 1928.*

WASHINGTON NOTES

Delay—Criminal Cases

At a meeting recently held in Washington of the American Law Institute, the delay in the prosecution and punishment of criminals in the courts of the Country was criticised as being shocking miscarriages of justice. Hon. Geo. W. Wick-ersham, President of the American Law Institute, blamed Congress and the State Legislatures for not passing adequate laws on the subject. Chief Justice, Wm. H.

Taft, spoke on the same subject deploring the delays in criminal procedure by which convicted criminals are allowed indefinite periods of respite from punishment by means of devious appeals and other delays. Judge Taft stated that the people are becoming aroused to conditions and he commented on the fact that the Supreme Court of the United States, in an effort to discourage these delays in criminal cases, is advancing on the calendar of the Supreme Court all such cases, and he predicts that when the court adjourns for the summer every criminal case on the docket of that court will be disposed of.

The American Law Institute, in addition to giving its attention to the administration of criminal laws, is engaged in many other studies of the laws, among which may be mentioned the restatement of the law of contracts, which work is about half accomplished and will be finished in a few years.

* * *

The Tax Situation

The closing weeks of this session of Congress are witnessing a big fight between the two major political parties over the question of "How much shall the tax cut be". Recently the Senate Finance Committee approved a cut of \$203,000,000; the House of Representatives had previously approved \$290,000,000; the Treasury Department was agreeable to a cut of \$210,000,000. A group of Democrats has been working for a \$325,000,000 reduction. Undoubtedly there will be a reduction in the Corporation tax, but just how much is problematical; likewise the automobile tax of 3% will likely be eliminated; there will probably be an increase in exemptions allowed corporations. The exemptions of admissions tax will run from 75c to around \$2.50 or \$3.00; there will likely be no repeal of the inheritance tax, though it is possible that this tax may be modified. The subject of club dues, capital stock transfer and tax on sales in the produce exchanges may all be put in the doubtful column. There have been various propositions advanced on these subjects, but nothing definite thus far has come of them. One provision of the proposed new tax law, which has caused considerable criticism is section 611, which provides that the statute of limitations shall not run against the United States in certain instances. This provision was stricken out by the Senate Committee and it is likely that it will stay out.

Much more could be written about taxes if space allowed but the bill will soon be a law and predictions and mooted questions, things of the past.

* * *

Unfair Competition in the Use of Trade Names

The Court of Appeals of the District of Columbia recently handed down a decision refusing to grant a petition filed by the Federal Trade Commission for an injunction to enforce what is known as a "cease and desist" order, which had been issued by the Federal Trade Commission against a local business concern to prevent it from using the words "Shade Shop" on a window at its place of business, on an automobile owned and operated by it, and in the city telephone directory, in such manner as to confuse, mislead and deceive the general public in the erroneous belief that the defendant's place of business was the place where a similar business was conducted by another business concern trading under the name of "The Shade Shop". The court held that the Federal Trade Commission had no right to make such an order, nor

did it have the right in this case to apply to the court for an injunction to enforce the same.

There are quoted below excerpts from the court's decision:

"The exclusive use, either as a trade-mark or trade name, of the generic name of a place where business of a particular kind is conducted, is not entitled to legal protection.

Words merely descriptive of the character, qualities or composition of an article, or of the place where it is manufactured or produced, cannot be monopolized as a trade-mark.

The essence of the wrong in unfair competition consists of the sale of goods of one manufacturer or vendor for those of another; and if defendant so conducts its business as not to palm off its goods for those of plaintiff, the action fails.

That plaintiff's business is affected by defendant's competition is not sufficient to justify equitable intervention.

The name of the user in connection with a generic word designating a common line of business is sufficient to distinguish its use from others engaged in the same business and using the same trade name.

The use by defendant of the term "Shade Shop" in connection with his firm name, being merely descriptive of the trade or business conducted by him and indicative of a place where window shades are made and sold, held within his legal right, and a petition by the Federal Trade Commission seeking to enforce an order requiring defendant to cease and desist from using said words dismissed."

* * *

Meeting of Washington Chapter of the American Institute of Banking.

The Washington chapter of the American Institute of Banking held its final forum dinner discussion meeting recently at the Raleigh Hotel in this city. Mr. Thomas B. Paton, General Counsel of the American Bankers' Association addressed the meeting and he directed himself principally to the discussion and explanation of two matters, one of them being the uniform fiduciaries act. This law has been enacted in eleven states and is designed to harmonize the laws concerning liability for participation in breaches of fiduciary obligations. The second matter referred to by this speaker was the joint deposit bill pending in Congress and designed to control such subjects in the District of Columbia. The bill is similar to the uniform joint survivorship accounts law, which is in force in many of the States and is designed to protect banking institutions upon the payment or delivery by them of deposits of money and property held in the names of two or more persons.

* * *

Uniform Mechanics' Lien Act

A thirty-five page pamphlet was recently issued by the Standard State Mechanics' Lien Act Committee of the Department of Commerce containing the second tentative draft of a Uniform Mechanics' Lien Act. The Committee invites criticism of this proposed act, and is now working to perfect the final draft, which will be submitted for approval of the National Conference of Commissioners, on Uniform State Laws, after which it will be recommended to the State Legislatures for consideration.

Copies of the Act may be obtained from the Mechanics' Lien Act Committee of the Department of Commerce, Washington, D. C.

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The Business Library

(Continued from page 34)

statement that in spite of the inspiration the Chinese leaders of today have received from the West, republican China is going to be Chinese and not American. Chapter II gives a general view of the Chou period and Chapter III presents a characterization of its great figures, including Lao Tzu, Confucius and Mencius.

Chapter IV deals with "The State," and the argument set up therein is further developed in Chapters V, VI, and VII. Topics discussed in the chapters following include "The Art of Government," "The Emperor," "The People," "Chinese Despotism," "Ministerial Theories," "Chinese Democracy," and "Early Chinese Law." The concluding chapters cover "Interstate Ideas" and "Early Political Theory in Practice."

During the past three years many books on China have been published in the United States and the principal countries of Europe. These have interpreted China from an American or European point of view. The significant fact about this work of Dr. Thomas and Dr. Williams is that it interprets China from the Chinese viewpoint.

The great thinkers of the Chou period developed certain doctrines and theories so thoroughly and so forcefully that they still color the life of the Chinese people. One is the idea that the power not only to govern but also to "interpret the will of Heaven" rests with the people. Another is that the people must be supported and protected as "producers, and controllers of the land." A third is that taxes must come from that which is produced, and must never be high enough to destroy production.

As this book is essentially a message to people who think, it will doubtless not become a best seller. But the discriminating few who really want to know the origins of the political ideas which dominate the minds of 400,000,000 people will find "Chinese Political Thought" exactly what the doctor ordered.

Dwight W. Morrow on Credits

FUNDAMENTALLY, the reliance of bankers and investors is upon the capacity and, above all, upon the good faith of the foreign government. The foreign government must be able to pay, and it must want to pay. If it is true that it is upon good faith that lenders to foreign governments primarily rely, it is no less true that it is upon good faith that lenders rely in almost all

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, OF CREDIT MONTHLY, published monthly at New York, N. Y., for April 1, 1928.
STATE OF NEW YORK,
COUNTY OF NEW YORK, ss.

Before me, a Notary Public in and for the State and County aforesaid, personally appeared Rodman Gilder, who, having been duly sworn according to law, deposes and says that he is the editor of the CREDIT MONTHLY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are: Publisher, National Assn. of Credit Men, 1 Park Avenue, New York City. Editor, Rodman Gilder, 1 Park Avenue, New York City. Managing Editor, None. Business Managers, None.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent. or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) National Association of Credit Men, a non-stock corporation with these officers: George J. Gruen, Gruen Watch Makers' Guild, Cincinnati, Ohio, President; J. F. Wood, Richmond Dry Goods Co., Richmond, Va., 1st Vice-President; J. H. Scales, Belknap Hdw. & Mfg. Co., Louisville, Ky., 2nd Vice-President; Frank D. Rock, Armour & Co., Denver, Colo., 3rd Vice-President; Stephen I. Miller, One Park Avenue, New York, Executive Manager.

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RODMAN GILDER,

Editor.


Sworn to and subscribed before me this 26th day of March, 1928.

RUTH E. HOCTOR,

(Seal) Notary Public, Kings County, Kings Co. Clerk's No. 60, Register's No. 151. Certificate filed in New York County, N. Y. Co. Clerk's No. 652, Register's No. 0-435. My commission expires March 30, 1930.

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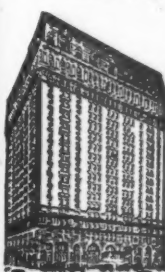
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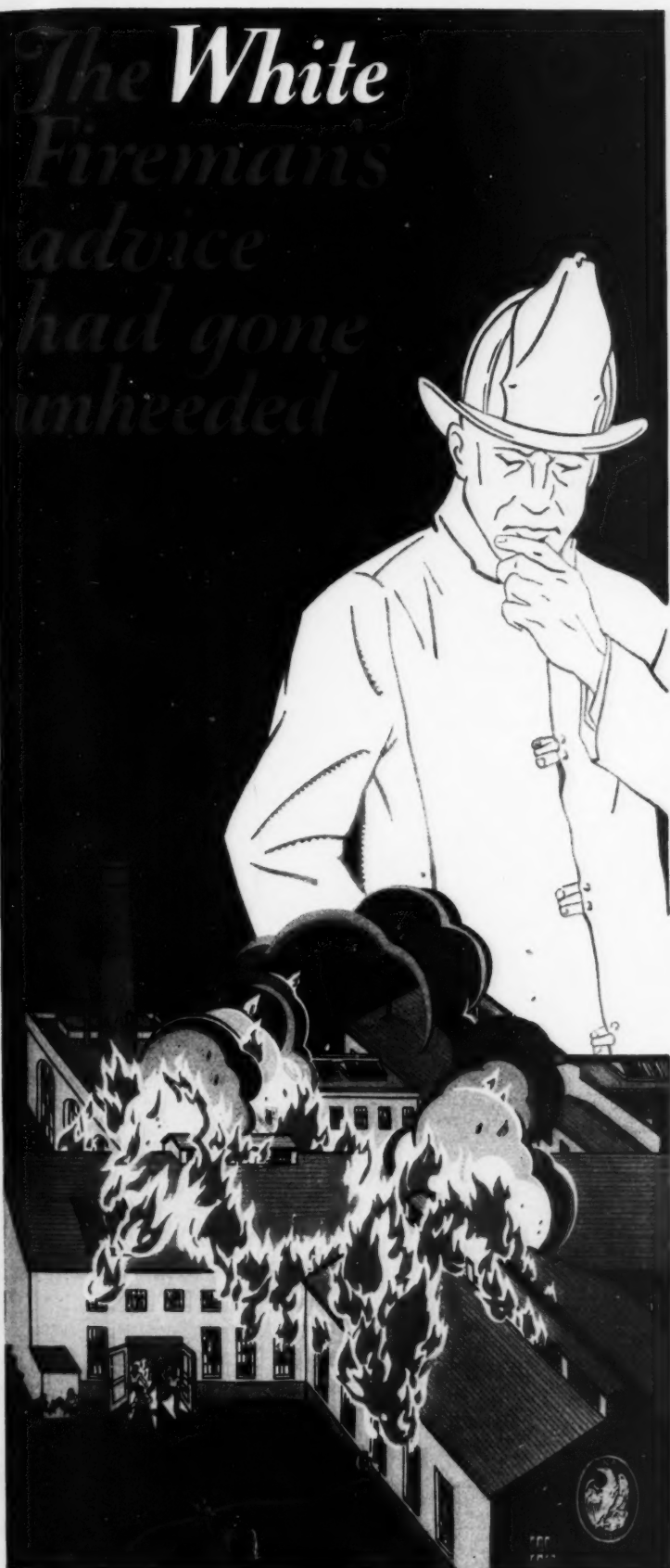
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DURING an inspection, a White Fireman found the operating-levers which controlled a battery of stationary chemical fire-engines in this plant were attached to their shafts by set-screws, instead of being keyed on. This meant a possibility of the levers slipping on their shafts, preventing operating of the engines when called upon.

Furthermore, he found that a 16-inch water main within the plant, supplying water for practically all plant uses, including the yard-hydrants, was carried inside a building on brackets 20 feet above the floor—instead of being placed underground. This overhead water main was certain to break in case of the collapse of its supporting wall.

The White Fireman pointed out the necessity for rectifying these two errors, but the management deemed the faults too trivial for serious consideration.

Five months afterward, a fire attacked the plant. At the first move to start the nearest chemical engine, the operating-lever slipped on its shaft, rendering the engine useless; the next nearest engine proved too far away for its hose to reach the blaze.

By the time another hose could be brought in from the least distant yard-hydrant the fire had reached serious proportions.

As the fire got beyond immediate control, the roof and the wall that supported the water main soon collapsed. The rupture of this main at once put the power house out of commission and completely disabled the fire-hydrant system.

And so the fire burned on, because of the crippled condition of the plant's fire-apparatus, until it had wrought destruction to the amount of \$800,000 before it was finally extinguished.

THE White Fireman symbolizes the Fire-Prevention Service maintained by insurance companies. This service includes: Consultation with architects and builders, that projected structures may have the least possible susceptibility to fire-damage; the inspection of property, with recommendations for the elimination or reduction of existing fire-hazards; the maintenance of the Underwriters' Laboratories for the testing of building materials, the practical trial of fire-extinguishers and other protective equipment, the examination of electrical apparatus and materials, for their fire-safety; and, in addition, various other technical assistance to the furtherance of fire-prevention and property-conservation.

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